250 S. Rock Blvd, Suite 118
Reno, NV 89502

AMENDED NI 43-101 TECHNICAL REPORT ON THE BRUNER GOLD PROJECT PRELIMINARY ECONOMIC ASSESSMENT

NYE COUNTY, NEVADA, USA

Prepared for
Canamex Resources Corp.

Report Date: September 27, 2016

Prepared by:

John D. Welsh, PE
Douglas W. Willis, CPG
Randall K. Martin, SME-RM
Carl C. Nesbitt, SME-RM
Russel D. Hufford, PE

DATE AND SIGNATURE PAGE

This Report entitled Amended NI 43-101 Technical Report on the Bruner Gold Project Preliminary Economic Assessment, Nye County, Nevada, USA, dated September 27, 2016, effective date February 29, 2016, was prepared and signed by the following qualified persons (as such term is defined in National Instrument 43-101 – Standards of Disclosure for Mineral Projects):

"Original document signed by

Prepared by: *John D. Welsh"* Date: *September 27, 2016*
John D. Welsh, PE

"Original document signed by

Prepared by: *Douglas W. Willis"* Date: *September 27, 2016*
Douglas W. Willis, CPG

"Original document signed by

Prepared by: *Randall K. Martin"* Date: *September 27, 2016*
Randall K. Martin, SME-RM

"Original document signed by

Prepared by: *Carl Nesbitt"* Date: *September 27, 2016*
Carl C. Nesbitt, SME-RM

"Original document signed by

Prepared by: *Russel Hufford"* Date: *September 27, 2016*
Russel Hufford, PE

CERTIFICATE OF QUALIFIED PERSON

John D. Welsh, P.E.
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Reno, NV 89502
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I, John D. Welsh, do hereby certify that:

1. I am an independent consultant working as president of Welsh Hagen Associates, an engineering firm located in Reno, Nevada, USA.
2. This certificate is part of the report titled "Amended NI 43-101 Technical Report on the Bruner Gold Project Preliminary Economic Assessment, Nye County, Nevada, USA", dated September 27, 2016.
3. I graduated from University of Missouri Rolla with a Bachelor of Science Degree in Civil Engineering in 1970 and a Master of Science in Civil (Geotechnical) Engineering in 1978 from Colorado State University.
4. I have practiced my profession as a civil engineer in mining continuously since graduation for a total of 42 years. I have worked in open pit and underground mines designing and constructing crushing, milling, and heap leach facilities and mine infrastructure. My experience also includes equipment selection, capital and operating cost estimates and involvement in feasibility studies at all levels.
5. I am a Registered Professional Engineer in the states of Nevada (License No. 6296) and California (License No. 35861).
6. I have read the definition of "Qualified Person" set out in National Instrument 43-101 ("NI 43-101") and certify that I do fulfill the requirements to be a "Qualified Person" for the purposes of NI 43-101.
7. I last visited the property on January 26, 2014.
8. I am responsible for the following sections of the report entitled, "Amended NI 43-101 Technical Report on the Bruner Gold Project Preliminary Economic Assessment, Nye County, Nevada, USA", dated September 27, 2016, and prepared for Canamex Gold Corp., (the "Technical Report"): Sections 1, 16, 18, 19, 24, 25 and 26.
9. The effective date of the Technical Report is February 29, 2016.
10. I am independent of Canamex Resources Corp., applying all of the tests in section 1.5 of NI 43-101.
11. I have had no prior involvement with the property that is the subject of this Technical Report.
12. I have read NI 43-101 and Form 43-101F1, and the Technical Report has been prepared in compliance with the instrument.
13. As of the date of this certificate, to the best of my knowledge, information and belief, the Technical Report contains all scientific and technical information that is required to be disclosed to make the Technical Report not misleading.
14. I consent to the public filing of this Technical Report, only in its entirety, in connection with a prospectus or any similar offering document, for presentation to any stock exchange or other regulatory authority, and for publication, including electronic publication accessible by the public. This consent extends as well to all other forms of written disclosure.

Dated this 27th day of September, 2016.

"Original document signed and sealed by
John D. Welsh"

John D. Welsh, PE

CERTIFICATE OF QUALIFIED PERSON

Douglas W. Willis
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I, Douglas W. Willis, C.P.G., hereby certify that:

1. I am a senior geologist working for Welsh Hagen Associates, an engineering firm located in Reno, Nevada, USA.
2. This certificate is part of the report titled "Amended NI 43-101 Technical Report on the Bruner Gold Project Preliminary Economic Assessment, Nye County, Nevada, USA", dated September 27, 2016.
3. I graduated from California State University, Chico with a Bachelor of Science degree in Geology in 1987.
4. I have practiced my profession as a geologist for 14 years primarily focusing on gold exploration in Nevada, USA. I have managed numerous drill programs, overseen drill sampling programs and conducted geological investigations for numerous precious metals projects in the western United States.
5. I am a Certified Professional Geologist (#11371) in good standing with the American Institute of Professional Geologists (AIPG).
6. I have read the definition of "Qualified Person" set out in National Instrument 43-101 ("NI 43-101") and certify that by reason of education, certification as a professional geologist and past relevant work experience, I fulfill the requirements to be a "Qualified Person" for the purposes of NI 43-101.
7. I visited the property on November 12, 2015 for the duration of 1 day total.
8. I am responsible for the following sections of the report entitled, "Amended NI 43-101 Technical Report on the Bruner Gold Project Preliminary Economic Assessment, Nye County, Nevada, USA", dated September 27, 2016, and prepared for Canamex Gold Corp., (the "Technical Report"): Sections 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 20, 23, 27 and relevant portions of Sections 1 and 26.
9. The effective date of the Technical Report is February 29, 2016.
10. I am independent of the issuer, applying all of the tests in section 1.5 of NI 43-101.
11. I have had no prior involvement with the property that is the subject of this Technical Report.
12. I have read NI 43-101 and Form 43-101F1, and the Technical Report has been prepared in compliance with the instrument.
13. As of the date of this certificate, to the best of my knowledge, information and belief, the Technical Report contains all scientific and technical information that is required to be disclosed to make the Technical Report not misleading.
14. I consent to the public filing of this Technical Report, only in its entirety, in connection with a prospectus or any similar offering document, for presentation to any stock exchange or other regulatory authority, and for publication, including electronic publication accessible by the public. This consent extends as well to all other forms of written disclosure.

Dated this 27th day of September, 2016.

"Original document signed and sealed by
Douglas W. Willis"
Douglas W. Willis, CPG

CERTIFICATE OF QUALIFIED PERSON

Randall K. Martin
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I, Randall K. Martin, do hereby certify that:

1. I am an independent consultant working with Welsh Hagen Associates, an engineering firm located in Reno, Nevada, USA.
2. This certificate is part of the report titled "Amended NI 43-101 Technical Report on the Bruner Gold Project Preliminary Economic Assessment, Nye County, Nevada, USA", dated September 27, 2016.
3. I graduated from Colorado School of Mines with a Bachelor of Science Degree in Metallurgical Engineering in 1977, and a Master of Science Degree in Mineral Economics in 1978.
4. I have practiced my profession as a mineral modeler and mine planner continuously since graduation for a total of 35 years. Although my BS degree is in Metallurgical Engineering, I have spent my entire career as a resource modeler, mine planner, and computer software engineer. My first ten years of employment were with the exploration division of a major mining company. I have also worked a total of 14 years as a full-time employee for three major consulting companies. In addition, I am president and owner of a software company that specializes in mineral modeling and mine planning software.
5. I am a Registered Member (# 4063888RM) in good standing with the Society of Mining, Metallurgy and Exploration (SME).
6. I have read the definition of "Qualified Person" set out in National Instrument 43-101 ("NI 43-101") and certify that I do fulfill the requirements to be a "Qualified Person" for the purposes of NI 43-101.
7. I visited the property on November 12, 2015.
8. I am responsible for the following sections of the report entitled, "Amended NI 43-101 Technical Report on the Bruner Gold Project Preliminary Economic Assessment, Nye County, Nevada, USA", dated September 27, 2016, and prepared for Canamex Gold Corp., (the "Technical Report"): Sections 14, 15 and relevant portions of Sections 1, 25 and 26.
9. The effective date of the Technical Report is February 29, 2016.
10. I am independent of the issuer, applying all of the tests in section 1.5 of NI 43-101.
11. I have had no prior involvement with the property that is the subject of this Technical Report.
12. I have read NI 43-101 and Form 43-101F1, and the Technical Report has been prepared in compliance with the instrument.
13. As of the date of this certificate, to the best of my knowledge, information and belief, the Technical Report contains all scientific and technical information that is required to be disclosed to make the Technical Report not misleading.
14. I consent to the public filing of this Technical Report, only in its entirety, in connection with a prospectus or any similar offering document, for presentation to any stock exchange or other regulatory authority, and for publication, including electronic publication accessible by the public. This consent extends as well to all other forms of written disclosure.

Dated this 27th day of September, 2016.

"Original document signed and sealed by
Randall K. Martin"
Randall K. Martin, SME-RM

CERTIFICATE OF QUALIFIED PERSON

Carl Nesbitt
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I, Carl C. Nesbitt, do hereby certify that:

1. I am an independent consultant working with Welsh Hagen Associates, an engineering firm located in Reno, Nevada, USA.
2. This certificate is part of the report titled “Amended NI 43-101 Technical Report on the Bruner Gold Project Preliminary Economic Assessment, Nye County, Nevada, USA”, dated September 27, 2016.
3. I graduated from the University of Nevada, Reno with a Bachelor of Science degree in chemical engineering in 1980. I also graduated from the University of Nevada, Reno with a Master of Science degree in metallurgical engineering in 1985 and a doctorate in metallurgical engineering in 1990. In addition, I graduated in 1989 from the University of Michigan with a Bachelor of Science degree in chemical engineering.
4. I have practiced my profession as a metallurgical engineer continuously since graduation in 1980 for a total of 35 years. I was a metallurgical engineer for the Nevada Moly Operation in Tonopah, Nevada from 1980-1983; however, for most of my career (from 1990 to the present) I have taught metallurgical engineering, managed research and consulted while at Michigan Technological University and the University of Nevada, Reno. More recently I have been the Principal Metallurgist for Welsh Hagen since January, 2013.
5. I am a Registered Member (#2353800RM) in good standing with the Society of Mining, Metallurgy and Exploration (SME).
6. I have read the definition of “Qualified Person” set out in National Instrument 43-101 (“NI 43-101”) and certify that I do fulfill the requirements to be a “Qualified Person” for the purposes of NI 43-101.
7. I visited the property on March 11, 2014.
8. I am responsible for the following sections of the report entitled, “Amended NI 43-101 Technical Report on the Bruner Gold Project Preliminary Economic Assessment, Nye County, Nevada, USA”, dated September 27, 2016, and prepared for Canamex Gold Corp., (the “Technical Report”): Sections 13, 17 and relevant portions of Sections 1 and 26.
9. The effective date of the Technical Report is February 29, 2016.
10. I am independent of the issuer, applying all of the tests in section 1.5 of NI 43-101.
11. I have had no prior involvement with the property that is the subject of this Technical Report.
12. I have read NI 43-101 and Form 43-101F1, and the Technical Report has been prepared in compliance with the instrument.
13. As of the date of this certificate, to the best of my knowledge, information and belief, the Technical Report contains all scientific and technical information that is required to be disclosed to make the Technical Report not misleading.
14. I consent to the public filing of this Technical Report, only in its entirety, in connection with a prospectus or any similar offering document, for presentation to any stock exchange or other regulatory authority, and for publication, including electronic publication accessible by the public. This consent extends as well to all other forms of written disclosure.

Dated this 27th day of September, 2016.

“Original document signed and sealed by
Carl C. Nesbitt”
Carl C. Nesbitt, SME-RM

CERTIFICATE OF QUALIFIED PERSON

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I, Russel D. Hufford, PE, hereby certify that:

1. I am a senior mining engineer working for Welsh Hagen Associates, an engineering firm located in Reno, Nevada, USA.
2. This certificate is part of the report titled "Amended NI 43-101 Technical Report on the Bruner Gold Project Preliminary Economic Assessment, Nye County, Nevada, USA", dated September 27, 2016.
3. I graduated from Montana Tech of the University of Montana with a Bachelor of Science degree in Mining Engineering in 1997.
4. I have practiced my profession as a mining engineer for 18 years primarily in hard rock mining in Nevada, USA. My experiences includes work in open pit and underground gold, silver, and copper operations and have managed engineering design for pits, dumps, leach pads, and ore blocks. I have led the planning of short and long-range mine operations, conducted surveying to locate and stake out designs, led MSHA citation mitigation, and have experience in refinery work. I also have experience using multiple mine software packages.
5. I am a licensed Professional Engineer in the State of Nevada (#23410), State of Montana (#38395) and a Registered Member (#4100052RM) of the Society for Mining, Metallurgy and Exploration, Inc.
6. I have read the definition of "Qualified Person" set out in National Instrument 43-101 ("NI 43-101") and certify that by reason of education, certification as a professional geologist and past relevant work experience, I fulfill the requirements to be a "Qualified Person" for the purposes of NI 43-101.
7. I have not visited the property.
8. I am responsible for the following sections of the report entitled, "Amended NI 43-101 Technical Report on the Bruner Gold Project Preliminary Economic Assessment, Nye County, Nevada, USA", dated September 27, 2016: Sections 21, 22 and relevant portions of Sections 1, 25 and 26.
9. The effective date of the Technical Report is February 29, 2016.
10. I am independent of the issuer, applying all of the tests in section 1.5 of NI 43-101.
11. I have had no prior involvement with the property that is the subject of this Technical Report.
12. I have read NI 43-101 and Form 43-101F1, and the Technical Report has been prepared in compliance with the instrument.
13. As of the date of this certificate, to the best of my knowledge, information and belief, the Technical Report contains all scientific and technical information that is required to be disclosed to make the Technical Report not misleading.
14. I consent to the public filing of this Technical Report, only in its entirety, in connection with a prospectus or any similar offering document, for presentation to any stock exchange or other regulatory authority, and for publication, including electronic publication accessible by the public. This consent extends as well to all other forms of written disclosure.

Dated this 27th day of September, 2016.

"Original document signed and sealed by
Russel D. Hufford"
Russel D. Hufford, PE

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ACRONYMS AND ABBREVIATIONS

AAS: Atomic Absorption Spectrometry
ICP: Inductively Coupled Plasma Emission Spectrometry
ADR: adsorption-desorption-recovery
Au: gold
Ag: silver
BAPC: Bureau of Air Pollution Control
BLM: United States Bureau of Land Management
BMRR: Bureau of Mining Regulation and Reclamation
BWPC: Bureau of Water Pollution Control
C.P.G.: Certified Professional Geologist
CDN $: Canadian Dollar Currency
cf: cubic foot or cubic feet
CIM: Canadian Institute of Mining, Metallurgy and Petroleum
Cu Yds: cubic yards
EA: Environmental Assessment
EIS: Environmental Impact Statement
FAAS: fire assay with atomic absorption spectrophotometry finish
ft: imperial foot
G & A: general and administrative
gpm: gallons per minute
gpt: grams per tonne
GPS: Global Positioning System
KCA: Kappes, Cassiday and Associates
LG: Lerchs-Grossmann
Mt: million short tons
NAD83: North American Datum of 1983
NDEP: Nevada Division of Environmental Protection
NDWR: Nevada Division of Water Resources
NEPA: National Environmental Policy Act of 1969
NI 43-101: Canadian National Instrument 43-101 – Standards of Disclosure for Mineral Projects
NPDES: National Pollutant Discharge Elimination System
opt: troy ounces per short ton
oz: troy ounces
P.E.: Professional Engineer
PoO: Plan of Operations
ppm: parts per million
QP: Qualified Person, as defined in NI 43-101
RC: reverse circulation
SME-RM: Society for Mining, Metallurgy and Exploration-Registered Member
SRF: standard refining fee
t: metric ton = tonne = 1,000 kg
ton: dry short ton of 2,000 pounds
tpd: tons per day
US$: United States Dollar Currency
UTM: Universal Transverse Mercator

1.0 SUMMARY

1.1 Introduction

At the request of the issuer, Canamex Resources Corp. (herein after referred to as “Canamex” or the “Company”), this NI 43-101 Technical Report on the Bruner Gold Project Preliminary Economic Assessment (“PEA”, or the “Report”) has been prepared by Welsh Hagen Associates (“WHA”).

The purpose of this Report is to provide Canamex and its investors with an independent opinion on the technical and economic aspects and mineral resources at Bruner. This PEA is based, in part, on the previously filed *Technical Report and Resource Estimate for the Bruner Gold Project, Nye County, Nevada*, prepared for Canamex by William F. Tanaka, dated February 27, 2015, which is publically available at www.sedar.com. This PEA conforms to the standards specified in Canadian Securities Administrators’ National Instrument NI 43-101, Companion Policy 43-101CP and Form 43-101F. This report presents the results of the PEA based on all available technical data and information as of February 29, 2016.

For the purpose of this PEA, the Bruner Gold Project is comprised of three gold resource zones, the Historic Resource Area (HRA), the Paymaster zone and the Penelas zone.

1.2 Property Description and Location

The Bruner property is located in central Nevada at the northern end of the Paradise Range about 110 air-miles east-southeast of Reno and 15 air-miles north-northeast of Gabbs in Nye County. The property is currently comprised of 183 unpatented and 27 patented mining claims covering a total of approximately 3,600 acres. The patented and unpatented claims form mostly a contiguous block.

The Project is located within the Basin and Range Physiographic Province near the northern margin of the Walker Lane, a regional dextral shear zone associated with many significant precious metal producing mines.

The Bruner area, at an elevation of 5,000 to 7,000 feet, has a climate characterized by warm, dry summers with intermittent thunderstorms and cold relatively dry winters. Ranges are variably covered with snow during parts of the winter, and occasional heavy storms can deposit as much as two feet of snow on the property. Precipitation generally averages around 7-inches per year. Surface water drainage is via typically seasonal streams and creeks to the nearest basin.

Very basic services are available most of the time in Gabbs. Hawthorne is 60 miles to the southwest and Fallon is 65 miles to the northwest, and both of these towns can provide a full range of services. Because of the number of operating mines within 100 miles of the Project, there is a pool of trained mining personnel in the region. Mining and exploration work is a significant economic factor in the region, and new projects are generally favorably received.

The closest electric transmission lines are in Gabbs, and water would be obtained through wells to be developed on the property.

1.3 Property Ownership

The property is held by virtue of several underlying agreements. On May 28, 2010, Canamex entered into a property option agreement with Provex Resources Inc. (Provex), a wholly owned subsidiary of Patriot Gold Corporation (Patriot), a Nevada Corporation and Public U.S. junior exploration company registered on the Over the Counter (OTC) Bulletin Board Exchange, in which the Company was granted an exclusive right and option to acquire up to a 75% interest in certain mineral claims in Nye County, Nevada.

A core group of 26 patented mining claims are controlled under an option to purchase agreement dated April 2009 between Patriot Gold and American International Ventures, Inc. (AIVN). In March 2014 Canamex purchased a single inlier patented claim, and in November 2015 Canamex purchased the underlying 26 patented claims from AIVN. These patented claims are still subject to an option to purchase agreement held by Patriot Gold. It is Canamex's intent to contribute the patented claims to the joint venture upon consummating the new joint venture agreement that will govern the property going forward.

Under the option agreement between Canamex and Patriot, Canamex had to spend US$6 million by April 2017 in order to earn an initial 70% interest in the Bruner property. Canamex has advised Patriot that it has met its earn-in requirement and that a joint venture between Canamex and Patriot is now in effect. Under the terms of the joint venture Canamex controls 70% interest and is the manager of the joint venture; Patriot controls 30% interest in the joint venture.

1.4 History

Gold was initially discovered in the Bruner District in 1906 when surface showings of what was believed to be gold telluride were found in the area that became the Paymaster mine. Total production from the district between 1906 and 1949 is estimated to be approximately 55,587 gold-equivalent ounces from 99,625 short tons of ore grading 0.56 oz Au-equivalent/ton, most of which came from the Penelas mine from 1931 to 1942. The bulk of the remainder came from various small mines located in the Historic Resource Area. Additional small scale mining occurred intermittently from the period 1948 through 1998. Exploration activities by previous operators prior to Canamex's involvement, including mapping, drilling, sampling and geophysical surveys, occurred during the period 1983 through 2009.

1.5 Geological Setting and Mineralization

The mineralization at Bruner is characterized as being of the low-sulfidation epithermal gold-silver type and is hosted within Tertiary volcanic rocks associated with bimodal volcanism. Alteration associated with mineralization consists primarily of potassic alteration with varying degrees of silicification, with outlying and adjacent barren argillic alteration occurring locally.

Structural controls on mineralization are very strong and the structural orientations exhibit both north-south Basin and Range extensional and northwest-southeast Walker Lane dextral shear features, similar to those documented at the Denton-Rawhide Mine 43 kilometers to the west of Bruner.

1.6 Exploration and Drilling

Kennecott Corporation did limited exploration work on the property in 1983 and drilled 15 reverse-circulation holes. Kennecott was negotiating to acquire the property while they were conducting the drill program. When negotiations broke down, they abandoned the property and no further information was passed on to the underlying owner.

Newmont Exploration Limited acquired an option on the property from Miramar Mining Corporation in 1988 and conducted an extensive exploration program which included geologic mapping, soil and rock chip sampling, geophysical surveying, and drilling. Many of the completed drill holes intersected zones of low-grade gold mineralization with occasional short intervals of 0.1 to 1 Au oz/ton in silicified breccia zones in rhyolite.

In 1994 Miramar conducted a reconnaissance sampling program which extended well beyond the previously explored area on the Bruner property. In 1995 Miramar undertook a compilation of all of the data generated to date on the project and generated revised cross sections, consolidated all geochemical data, generated an accurate topographic map and converted all drill hole collar locations to a universal coordinate system.

In 2002, American International Ventures, Inc. (AIVN) purchased the property from Miramar and conducted a six-hole core drilling program to test some of Newmont's high-grade intercepts in the Duluth (HRA) area. This provided a detailed look at some of the high-grade mineralized features, such as veins and fracture coatings, which would be hard to detect in RC cuttings.

In 2004 Patriot Gold Corporation entered into an option on the unpatented claims portion of the property and completed ground magnetic geophysical surveys and CSMAT surveys on the eastern portion of the property, which guided their drilling campaign.

In 2010 Canamex did limited surface exploration prior to commencing its own drilling program on the property in 2011, relying heavily upon the comprehensive work completed by Newmont Exploration Limited. After discovery of significant gold intercepts in the Penelas East area in 2012, which was not completely covered by Newmont's surface exploration work, Canamex commissioned detailed ground magnetic and VLF-EM EM surveys respectively over the new Penelas East discovery area to assess the ability to detect controls on mineralization intersected in drilling with these two geophysical methods. Canamex has subsequently continued drilling at the Property.

A total of 53,214 meters of drilling has been completed at Bruner from 1983 to the present. Of this total 51,323 meters are available in the database and consist of 5,592 meters of core and 45,825 meters of reverse circulation ("RC") drilling. In addition, there are a total of 682 meters of underground chip samples collected and assayed by Newmont from accessible underground workings at each of the three areas. The Canamex drill hole data represents 52% of the total drill hole database, but in the three areas for which resources are reported, the Canamex drill hole data represents a significantly larger proportion of the drilling.

Of the pre-Canamex drilling, 53% was completed by Kennecott and Newmont and pre-dates the development of National Instrument 43-101 ("NI 43-101") guidelines; 16% was drilled by Miramar, and the remaining 31% more recently by a number of junior companies, either in joint venture with Miramar or afterwards. Standards of quality assurance/quality control ("QA/QC") are undocumented for all drilling prior to 2012.

1.7 QA/QC and Data Verification

Canamex instituted a program of QA/QC in 2013 consisting of blind submission of rig duplicates, standards for gold, and blanks of gold and silver. Analysis of the rig duplicates demonstrates good reproducibility for gold, consistent with epithermal gold deposits, and very good reproducibility for silver. Analysis of the blanks and standards indicate little to no bias at the ALS laboratory with rare, sporadic and minor incidents of contamination, primarily in blanks and less frequently in standards samples.

A total of 1,929 assay values for gold and 1,813 assay values for silver in the database were compared against the original protected PDF assay certificates and electronic spreadsheets submitted by ALS. No errors were found in the course of checking the database against the original assay certificates. These totals represent 6.2% and 5.8% of the total number of assays for gold and silver in the data base respectively and 11.3% and 10.6% of the number of assays for gold and silver in the Canamex drilling.

The WHA QP concludes that the drill hole database is of a standard acceptable for public reporting of resources according to NI 43-101 guidelines.

1.8 Mineral Resource Estimate

The preliminary economic assessment (PEA) is preliminary in nature and includes some inferred mineral resources that are considered too speculative geologically to have technical and economic considerations applied to them. Mineral resources that are not mineral reserves do not have demonstrated economic viability.

Mineral resource estimates have been previously calculated for the Paymaster, HRA, and Penelas zones. These estimates have been reported in the previous technical report entitled *Technical Report and Resource Estimate for the Bruner Gold Project, Nye County, Nevada*, dated February 27, 2015, prepared by William F. Tanaka (Tanaka, 2015), which is publically available at www.sedar.com. The reader should refer to this document for the full details of these estimates.

Since that date, additional drilling has been performed at the Paymaster zone. At the request of Canamex, WHA used the prior resource models generated by Tanaka for the HRA and Penelas zones. These models were reviewed by WHA geologist Doug Willis and mineral modeler Randy Martin. WHA believes these models are adequate for a PEA level analysis.

Since there is new drilling at the Paymaster zone, a new resource model was created for Paymaster which includes the new drilling information. For consistency, the new Paymaster resource was calculated using the same modelling methods that were incorporated by Tanaka.

A Summary Table of Mineral Resource by area is presented in **Table 14.1**. The Mineral Resource estimate uses a cutoff grade of 0.192 gpt Au, which is the breakeven cutoff. The HRA and Penelas Resource values are based on conceptual designed pits.

Table 1.1: Resource Statement for the Bruner Gold Project

RESOURCE ABOVE EXTERNAL BREAKEVEN CUTOFF											
	Indicated > 0.192 gpt Au Equiv						Inferred > 0.192 gpt Au Equiv				
Zone	K-tonnes	Au grade gpt	Ag grade gpt	Cont'd Au k oz	Cont'd Ag k oz		K-tonnes	Au grade gpt	Ag grade gpt	Cont'd Au k oz	Cont'd Ag k oz
HRA	4050	0.67	7.81	87	1017		400	0.34	3.57	4	46
Penelas	7850	0.64	4.94	162	1247		1550	0.68	2.76	34	138
Paymaster	-	-	-	-	-		650	1.08	3.11	23	65
Sub Total	**11900**	**0.65**	**5.92**	**249**	**2264**		**2600**	**0.73**	**2.97**	**61**	**249**
RESOURCE ABOVE INTERNAL BREAKEVEN CUTOFF AND BELOW EXTERNAL CUTOFF											
	Indicated between 0.117 and .192 gpt Au Equiv						Inferred between 0.117 and 0.192 gpt Au Equiv				
Zone	K-tonnes	Au grade gpt	Ag grade gpt	Cont'd Au k oz	Cont'd Ag k oz		K-tonnes	Au grade gpt	Ag grade gpt	Cont'd Au k oz	Cont'd Ag k oz
HRA	1450	0.16	3.91	7	182		200	0.17	2.12	1	14
Penelas	700	0.16	3.09	4	70		150	0.16	2.00	1	10
Paymaster	-	-	-	-	-		0	0	0	0	0
Sub Total	**2150**	**0.16**	**3.64**	**11**	**252**		**350**	**0.17**	**2.07**	**2**	**24**
TOTAL RESOURCE ABOVE INTERNAL BREAKEVEN CUTOFF											
	Indicated > 0.117 gpt Au Equiv						Inferred > 0.117 gpt Au Equiv				
	K-tonnes	Au grade gpt	Ag grade gpt	Cont'd Au k oz	Cont'd Ag k oz		K-tonnes	Au grade gpt	Ag grade gpt	Cont'd Au k oz	Cont'd Ag k oz
Total	**14050**	**0.58**	**5.57**	**260**	**2516**		**2950**	**0.66**	**2.86**	**63**	**273**

Notes:

- The Mineral Resource estimates were prepared in conformity with CIM “Estimation of Mineral Resource and Mineral Reserves Best Practices” guidelines and are reported in accordance with the Canadian Securities Administrators NI 43-101.
- Mineral Resources are not Mineral Reserves and do not have demonstrated economic viability. There is no certainty that all or any part of the Mineral Resources estimated will be converted into Mineral Reserves.
- Resources stated as contained within a potentially economic minable open pit design or cone shell; pit design parameters are: $1,250/oz Au, 90% gold recovery for crushed material, 10% silver recovery, $2.70/tonne mining cost $4.23/tonne processing + G&A cost, 55 degree inter-ramp pit slopes. Resources are reported using a 0.006 oz/t (0.192 gpt Au equiv) gold cutoff grade for crush material, and a 0.004 oz/t (0.117 gpt Au equiv) gold cutoff grade for ROM material.
- Numbers in the table have been rounded to reflect the accuracy of the estimate and may not sum due to rounding. Tonnages have been rounded to nearest 50 k-tonnes. Grades have been rounded to nearest 0.01 gpt. Contained ounces have been rounded to nearest K-oz.

- HRA Resource is based on designed pit for $1350/oz Au Price Cone Shell.
- Penelas Resource is based on designed pit for $1350/oz Au Price Cone Shell.
- Paymaster Resource is based on $1350/oz Au Price Cone Shell (no design).
- External Breakeven Cutoff is the cutoff where value of metal recovered equals the cost of mining and processing.
- Internal Breakeven Cutoff is the cutoff where value of metal recovered equals the cost of processing.

1.9 Metallurgy and Recovery Estimates

From April 2012 through October 2015, five (5) separate metallurgical testing programs were conducted on samples from the Bruner Project. Samples of whole rocks from drifts and channels from the HRA deposit were collected, blended and crushed to two nominal sizes: 3-inch and 0.75-inch maximum sized material. Kappes Cassiday & Associates (KCA) of Reno, Nevada was the contract laboratory for the metallurgical testing; Phillips Enterprises, LLC (PE) in Golden, CO was provided samples to determine the crusher work index for the HRA rock (20.2 kW/tonne). KCA conducted standard 83-day column leaching to determine the heap leach recovery of gold and silver, and reagent consumption of the ores. The results showed that the 3-inch material had nearly the same net recovery of gold and silver as the 0.75-inch material (>85%) which indicated that the gold was amenable to cyanidation, and suggested that finer crushing was not necessary to get gold to dissolve from the ores. Bottle roll experiments were conducted on a series of RC drill cuttings and other drill holes from all of the deposits (Paymaster, HRA and Penelas). These tests show that all of the ores are amenable to cyanidation (over 80% Au recovery) and had relatively low cyanide consumptions (<1.3 lbs NaCN/ton), meaning they were not refractory ores. Au recoveries from 88-99% were consistently reported for each of the three types of ores, which indicated similar metallurgical behavior for all of the deposits. Low silver recoveries (<10%) indicate that the best process for treating the ores would be heap leaching of a coarse ore followed by activated carbon adsorption to recover the precious metals. The Merrill-Crowe Process (aka zinc precipitation) is the typical process of choice for ores that have excess Ag; however, the Bruner ores will not produce high levels of Ag in the leach solutions, so the activated carbon recovery process will be the preferred means of recovering the precious metals (Au and Ag) from the leach solutions, with high recoveries expected.

The summary of the results suggests that even coarser ore (such as “run-of-mine”) could still be amenable to cyanide heap leaching. It is suggested that additional column testing on coarser ores of all of the deposits should be completed to verify the leachability of gold and silver from all of the deposits on the Bruner Project property.

The reader is cautioned that the term “ore” generally implies that sufficient technical feasibility and economic viability studies have been completed to classify the material as mineral reserve. A Qualified Person has not done sufficient work to classify the mineral resource at the Bruner Gold Project as current mineral reserve and the issuer is not treating the mineral resource as mineral reserve. The term “ore” is used to maintain the integrity of the previous metallurgical investigations quoted in this report.

1.10 Mining and Processing Methodology

The mineral resources have gold and silver grades that could support an open pit mining heap leach processing operation. Heap leaching is an economically viable processing method in the current metal price environment. This mining approach is the basis of the analysis and evaluation developed for the PEA. In order to simulate a heap leach environment approximately 10% to 15% of the total recovered ounces placed on the leach pad remain in heap leach inventory each year. These inventoried ounces are recovered over a two year period of time following cessation of mining.

Table 1.2: Conceptual Production and Process Summary

Year	1	2	3	4	5	6	7	8	Total
Total Leach Material Mined(kt)	3,550	3,200	2,600	2,800	2,950	1,900			17,000
gpt Au	0.51	0.63	0.49	0.63	0.44	0.99			0.59
cont oz Au	58,500	64,500	41,000	56,500	41,500	60,500			323,000
rec oz Au	44,200	51,840	40,830	51,300	36,970	53,840	3,700	5,420	288,100
gpt Ag	4.72	7.65	3.34	5.49	4.23	4.72			5.10
cont oz Ag	539,000	787,000	279,000	494,000	401,500	288,500			2,789,000
rec oz Ag	45,640	66,700	31,690	53,700	38,170	31,880	6,000	4,320	278,100

1.11 Environmental Studies and Permitting

The project includes proposed exploration and potential future mining on patented mining claims (i.e. private land) and adjacent lode mining claims on U.S. Bureau of Land Management (BLM) lands. Proposed exploration and production would include the development of deposits on both private and public (BLM) lands; thus, permitting and environmental compliance would have to address requirements for development on both private and public lands.

In order to develop, operate, and close a mining operation, Canamex will be required to obtain a number of environmental and other permits from the BLM, the State of Nevada, and Nye County. Environmental baseline studies will need to be conducted at the Project area to meet federal and state requirements.

The issuance of a permit to either mine on or cross for access public lands administered by the BLM will be a federal action. Thus, the permitting process will require the preparation of an Environmental Assessment (EA) or Environmental Impact Statement (EIS) under the National Environmental Policy Act (NEPA), Council of Environmental Quality (CEQ) regulations, and BLM guidelines and procedures.

Currently Canamex holds a Notice of Intent with the BLM for exploration drilling on up to 2.06 acres of disturbance on unpatented mining claims. The Notice of Intent permit covers disturbance created to establish drill road access and drill sites at the Penelas resource area and is valid through September 15, 2017. Canamex can disturb up to 5 acres under a Notice of Intent.

Canamex acquired water rights from the Nevada Division of Water Resources to pump groundwater up to 350 gallons per minute. This is in addition to 4 gallons per minute annual water rights and well location that came with the patented claims on the property. Together, the combined 354 gallons per minute water rights should be sufficient for supporting up to 10,000 tons per day heap leach and processing operation. The water rights for 350 gallons per minute were granted on December 30, 2014, and are valid until December 31, 2030.

1.12 Project Economics

The potentially mineable tonnages in the PEA selected ultimate pit include Inferred Resources. The reader is cautioned that Inferred Resources are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as Mineral Reserves, and there is no certainty that Inferred Resources will ever be upgraded to a higher category.

WHA chose US$1250 for gold and US$15 for silver as the base case economic evaluation. The base case economic results for the metal price assumptions are as follows:

Table 1.3: Cash Flow Summary for Entire Project

	Pre-Tax	After-Tax
IRR	42.1%	39.0%
NPV@5% discount rate	$61 million	$54.9 million
Average Annual Cash Flow	$10.5 million	$10.1 million
Average Operating Margin	$457 / oz	$441 / oz
Payback Period	~1.25 years	~1.35 years

The conceptual mine plan designed in this study allows for the Bruner project to be developed in two phases: a Phase 1 that mines only the Paymaster and HRA resources, which are contained primarily on patented mining claims, and which has a pre-tax NPV@5% of $42.9 million and a pre-tax IRR of 63.9%, and an after tax NPV@5% and IRR of $29.8 million and 47.6% respectively, before a decision is made on whether to develop the deeper Penelas resource in Phase 2, which has a high pre-stripping requirement and a significantly higher cash cost of production, which resides entirely on BLM unpatented mining claims, and which has a stand-alone pre-tax NPV@5% and IRR of $15.7 million and 11.9% respectively. After tax cash flow is the same as the Penelas pit operates at a tax loss by itself. If metal prices are depressed, one would not develop the Penelas resource: if they are robust, one would proceed with permitting and development of the Penelas resource.

1.13 Conclusions

The Bruner Gold Project has been interpreted as a structurally controlled low-sulfidation gold-silver deposit hosted within Tertiary volcanic rocks. The structural controls on mineralization exhibit orientations that reflect both N-S Basin and Range extensional faulting and NW-SE Walker Lane dextral shear, similar to the structural features documented at the Denton-Rawhide Mine 43 kilometers to the west.

The geometry of mineralization and proximity to the existing topographic surface indicated that bulk mining by open pit methods would be a reasonable choice for mining method.

Preliminary metallurgical test work indicates that the mineralization at Bruner will be amenable to heap leach recovery methods. This process route would be most suitable for the average grades estimated in the resource.

Three zones of gold-silver mineralization have been outlined by drilling: the Historic Resource Area, and the Paymaster zone, which are located on patented mining claims, and the Penelas Zone, including both the historic Penelas Mine and the relatively newly discovered Penelas East area, which is located entirely on unpatented mining claims. All three areas have seen limited mining activity and production in the past, largely by selective underground methods.

Despite a 110-year history of exploration and development, including activity by major companies such as Kennecott and Newmont in the recent past, the district remains significantly under-explored. The Penelas East area is the best example of a significant new discovery in the district in recent years.

1.14 Recommendations

Exploration and Development Drilling

Continued exploration of the Bruner Gold Project is warranted, and a nominal 10,000m drilling program is recommended for 2016. The proposed drilling meters by zone is:

- 3,350m at the HRA zone, largely focused on testing extensions to the northwest of the current resource;
- 4,500m at Penelas to infill the 200m long gap between Penelas East and the area of the historic Penelas mine, and test extensions beyond to the northwest and southeast along strike. The drilling program should also include infill drilling into the deeper portions of the Penelas zone.
- 1,500m at Paymaster to provide more complete coverage over the historic underground development and test for extensions to both the northeast and south of the current resource.

The proposed distribution of this drilling would be approximately 40% core and 60% RC drilling. At that distribution the cost of the drilling program would be approximately US$1,575,000 exclusive of associated supervision and administration costs.

A total of 4 groundwater test wells should be drilled in the heap leach facility, process area and waste rock facilities areas in order to acquire groundwater depth data that will be required for future engineering studies in support of State and Federal permitting. An abandoned water supply well located at the east end of the property should also be re-drilled so as to provide water for exploration and possible future development activities. The cost for the groundwater test wells and water supply well is estimated to be US$145,000.

Engineering and Metallurgical Testing

Commissioning of a Feasibility Study on the Project is recommended to establish the feasibility for development of the Project. A budget of US$250,000 is suggested to be planned for the study.

Additional metallurgical studies should be commissioned in all three resource areas to further quantify metallurgical behavior of the three resource areas. A budget of US$350,000 is recommended for continued cyanidation bottle roll tests on drill cuttings and column leach tests of drill core.

Although a structural analysis of the Bruner Project (Dering, 2014) has increased the understanding of pit slope stabilities and conceptual pit design, continued pit slope design analysis should be conducted. A budget of US$75,000 is recommended for the pit slope stability analysis.

Environmental Studies and Permitting

Commencement of baseline environmental studies and continuation of basic engineering and mineralized and waste rock characterization is recommended in order to establish downstream environmental permitting constraints associated with the future possible development of the resources outlined in this technical report. The baseline environmental studies will be required for any future development of an environmental assessment or environmental impact study. A budget of US$630,000 is recommended for this purpose.

2.0 INTRODUCTION

At the request of the issuer, Canamex Resources Corp. (herein after referred to as “Canamex” or the “Company”), this Preliminary Economic Assessment (PEA) has been prepared by Welsh Hagen Associates (WHA) on the Bruner Gold Project (Bruner, or the Project), Nye County, Nevada, USA. This PEA conforms to the standards specified in Canadian Securities Administrators’ National Instrument NI 43-101, Companion Policy 43-101CP and Form 43-101F.

This Report is based, in part, on the previously filed *Technical Report and Resource Estimate for the Bruner Gold Project, Nye County, Nevada*, prepared for Canamex by William F. Tanaka, dated February 27, 2015, which is publically available at www.sedar.com. WHA has included all material information documented in the previously filed technical report, to the extent that this information is still current and relevant. The qualified persons that have prepared this Report take responsibility for the entire report, including any information referenced or summarized from the previous technical report.

A PEA provides a basis to estimate project operating and capital costs and establish a projection of conceptually extractable resources including measured, indicated and inferred categories as permitted under NI 43-101. A PEA is preliminary in nature, and there is no certainty that the economic results within the PEA will be realized. This PEA may include inferred mineral resources which are too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves. Mineral resources that are not mineral reserves do not have demonstrated economic viability.

Historical documentation including public and non-public reports, analytical reports, work completed by Canamex and the authors’ experience with exploration and mining projects in the Great Basin were all utilized during the preparation of this report. The authors have been provided documents, maps, reports and analytical results by Canamex. No restrictions of data, information or access were placed on the authors in the preparation of this report.

2.1 Purpose of Report

The purpose of this Report is to provide Canamex and its investors with an independent opinion on the technical and economic aspects and mineral resources at Bruner.

2.2 Corporate Relationships

Canamex Resources Corp. (Canamex) is a British Columbia Corporation, and Canamex Resources U.S., Inc. (Canamex US) is a Nevada Corporation. Canamex US is the U.S. operating subsidiary of Canamex.

2.3 Terms of Reference

Welsh Hagen Associates is independent of Canamex Resources Corp. as defined under NI 43-101 Standards of Disclosure for Mineral Projects.

This Report summarizes Mineral Resource as defined by Canadian Institute of Mining, Metallurgy and Petroleum (CIM, 2014).

2.3.1 Units of Measure

Unless stated otherwise, all measurements reported here are in metric units, tonnes are metric tons, grades are grams per tonne and currencies are expressed in US dollars.

Unit Conversion Factors

1 ounce (oz) [troy] = 31.1034768 grams (g)

1 short ton = 0.90718474 metric tonnes (tonnes)

1 troy ounce per short ton = 34.2857 grams per metric tonne = 34.2857 ppm

1 gram per metric tonne = 0.0292 troy ounces per short ton

1 foot (ft) = 0.3048 meters (m)

1 mile (mi) = 5280 feet = 1.6093 kilometers (km)

1 meter (m) = 39.370 inches (in) = 3.28083 feet (ft)

1 kilometer = 0.621371 miles = 3280 feet

1 acre (ac) = 0.4047 hectares

1 square kilometer (sq km) = 247.1 acres = 100 hectares = 0.3861 square miles

1 square miles (sq mi) = 640 acres = 258.99 hectares = 2.59 square kilometers

Degrees Fahrenheit (^{o}F) – 32 x 5/9 = Degrees Celsius (^{o}C)

2.4 Qualified Persons, Site Visits and Scope of Personal Inspection

The WHA personnel involved with the Project, by virtue of their education, experience and professional association, are considered Qualified Persons (QPs), as defined in NI 43-101 Standards of Disclosure for Mineral Properties, and are members in good standing of appropriate professional institutions. Listed in **Table 2.1** are details of the Qualified Persons' site visits and the Report sections for which each is responsible.

Table 2.1: Dates of Site Visits and Areas of Responsibility

QP Name	Site Visit Date	Area of Responsibility
John Welsh, P.E.	January 26, 2014	Sections 1, 16, 18, 19, 24, 25 and 26.
Douglas Willis, C.P.G.	November 12, 2015	Sections 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 20, 23, 27 and relevant portions of Sections 1 and 26.
Randall Martin, SME-RM	November 12, 2015	Sections 14 and 15 and relevant portions of Sections 1, 25 and 26.
Carl Nesbitt, SME-RM	November 12, 2015	Section 13 and 17 and relevant portions of Sections 1 and 26.
Russel Hufford, P.E.	Has not visited the site.	Sections 21 and 22 and relevant portions of Sections 1, 25 and 26.

2.5 Effective Dates

The effective date of the Report is February 29, 2016, which represents the most recent scientific and technical information used in the preparation of the Report

- The Project drilling data cutoff date for mineral resource estimation of the Bruner Gold Project was October 31, 2015. There have been no additional drill holes completed at Bruner between the drilling cutoff date and the effective date of the report.

2.6 Information Sources and References

WHA reviewed all available documentation of work carried out on the Project by previous operators, consultants, and by Canamex.

Much of the background information on the Project, such as the history, location, climate, accessibility, etc. has been reported by others. This past information has been updated only when it was relevant to do so and/or when it was clear that additional information was required.

3.0 RELIANCE ON OTHER EXPERTS

The authors of the Report are Qualified Persons for those areas identified in the “Certificate of Qualified Person” included at the beginning of this Report. The authors have utilized sections from Canamex’s previously filed technical report to provide information about the property, but do not rely on such reports. Information was also taken from other reports pertaining to Property Agreements, Mineral Tenure, Surface Rights, and Environmental and Permitting. Those reports were prepared by acknowledged experts in their field.

3.1 Tenure/Ownership, Property, Surface Rights

The WHA QPs have not reviewed the mineral tenure, nor independently verified the legal status or ownership of the Project area or underlying property agreements. The QPs have fully relied on information provided by Canamex obtained in turn by them from Patriot and their agents.

WHA has not been provided a current title report or title opinion on the Bruner property. Title to the Bruner property claims has been reviewed by management of Canamex who takes responsibility for the claims and any liabilities, encumbrances or lien's on those claims.

Claim map information was provided by G.I.S. Land Services to Canamex who forwarded such information to WHA. G.I.S. Land Services, located in Reno, Nevada, is a well-known and respected firm that specializes in mineral claim services.

3.2 Previous Technical Reports

Canamex has filed the following technical report on the Property:

- Tanaka, William F., 2015, *Technical Report and Resource Estimate for the Bruner Gold Project, Nye County Nevada*, Effective Date: 27 February 2015.

WHA has sourced information from this report and other reference documents as cited in the text and summarized in Section 27 of this Report supplemented with current information supplied by Canamex.

4.0 PROPERTY DESCRIPTION AND LOCATION

The property description and location was modified from Tanaka (2015).

4.1 Introduction

The Bruner property is located in central Nevada at the northern end of the Paradise Range about 130 miles east-southeast of Reno and 25 miles north-northeast of Gabbs in Nye, Lander and Churchill Counties. The Project is centered at approximately 39° 04' North latitude and 117° 46' West longitude. The Project location is shown on **Figure 4.1.**

The property is currently comprised of 183 unpatented and 27 patented mining claims covering a total of approximately 3,600 acres in sections 1, 2, 11, 12, 13, 14, 21, 22, 23, 24, 25, 26, 27, and 28 of T.14 N., R. 37 E., and sections 19 and 30 of T. 14 N., R. 38 E. M.D.B.& M. The patented and unpatented claims form mostly a contiguous block. A complete listing of the claims is included in **Appendix A**. An annual filing of a "Notice of Intent to Hold" along with payments to the Bureau of Land Management and annual payments to Churchill, Lander and Nye counties must be made for each claim to keep the claims in good standing. The patented claims require the annual payment of property taxes to Nye County. The unpatented claims are currently valid until September 1, 2016. The Bruner Gold Project vicinity map is presented as **Figure 4.2**.

Figure 4.1: Location Map of the Bruner Gold Project

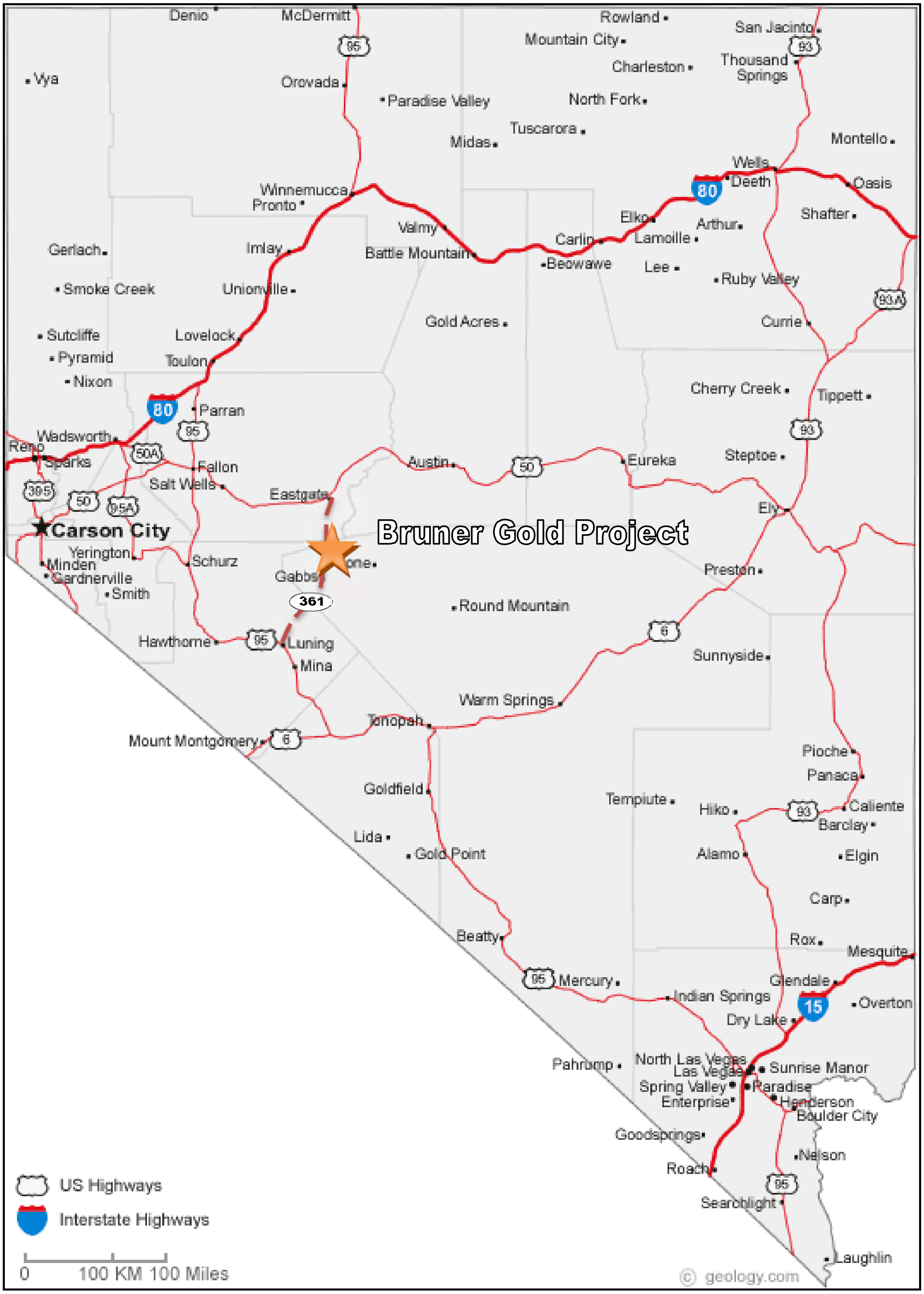
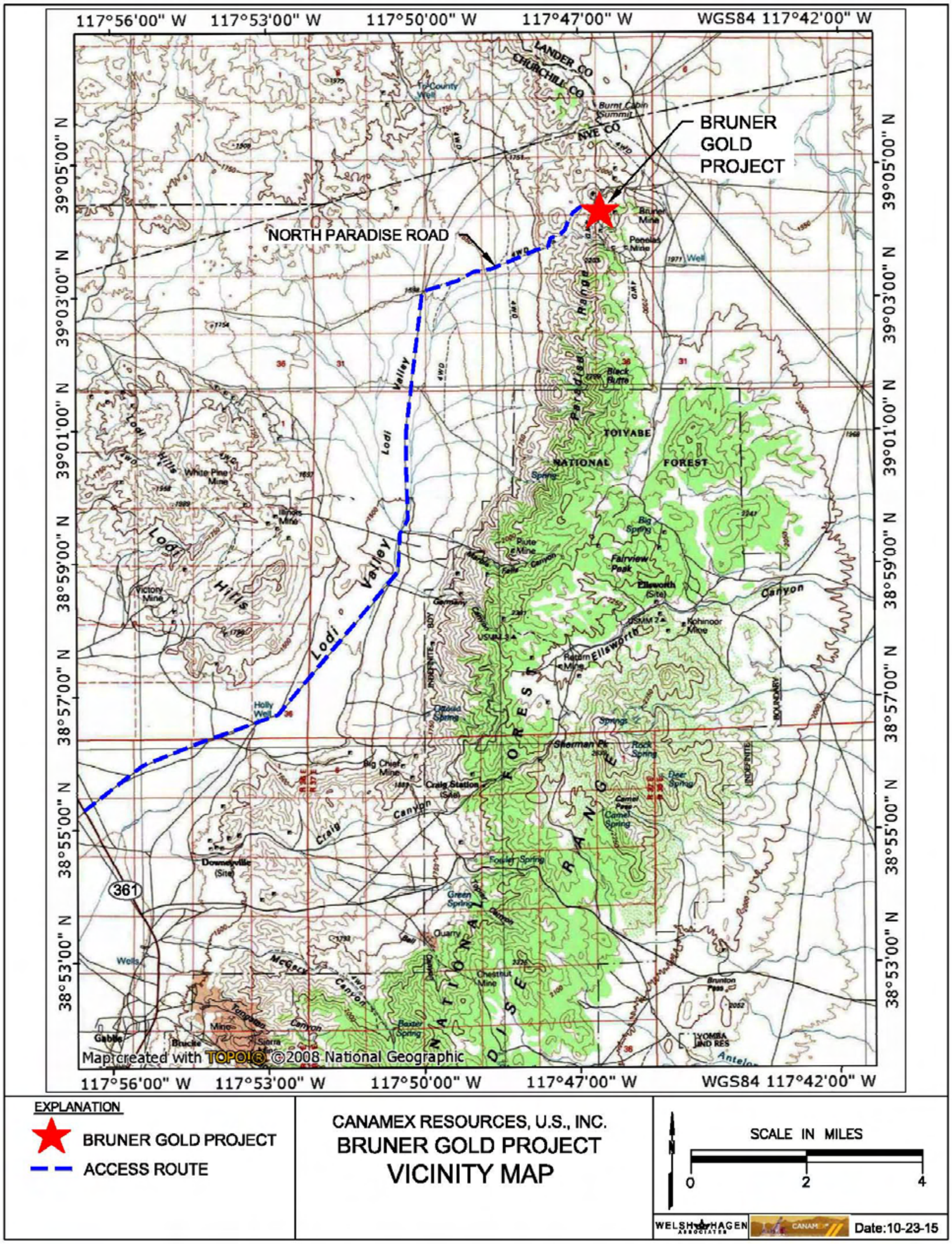


Figure 4.2: Bruner Gold Project Vicinity Map



4.2 Ownership

The property is held by virtue of several underlying agreements. On May 28, 2010, Canamex entered into a property option agreement with Provex Resources Inc., (Provex) a wholly owned subsidiary of Patriot Gold Corporation (Patriot), a Nevada Corporation and Public U.S. junior exploration company registered on the OTC Bulletin Board Exchange, in which the Company was granted an exclusive right and option to acquire up to a 75% interest in certain mineral claims in Churchill, Lander and Nye Counties, Nevada (the “Bruner Property”). The property is currently comprised of 183 unpatented and 27 patented mining claims covering a total of approximately 3,600 acres, as detailed below and shown on **Figure 4.3**. In September 2015 Canamex advised Provex Resources that it has earned an initial 70% interest in the property by completing the earn-in expenditure requirement. Both parties are negotiating a joint venture agreement which will incorporate the substantive terms of the option agreement and which will supersede the option agreement for management of the joint venture.

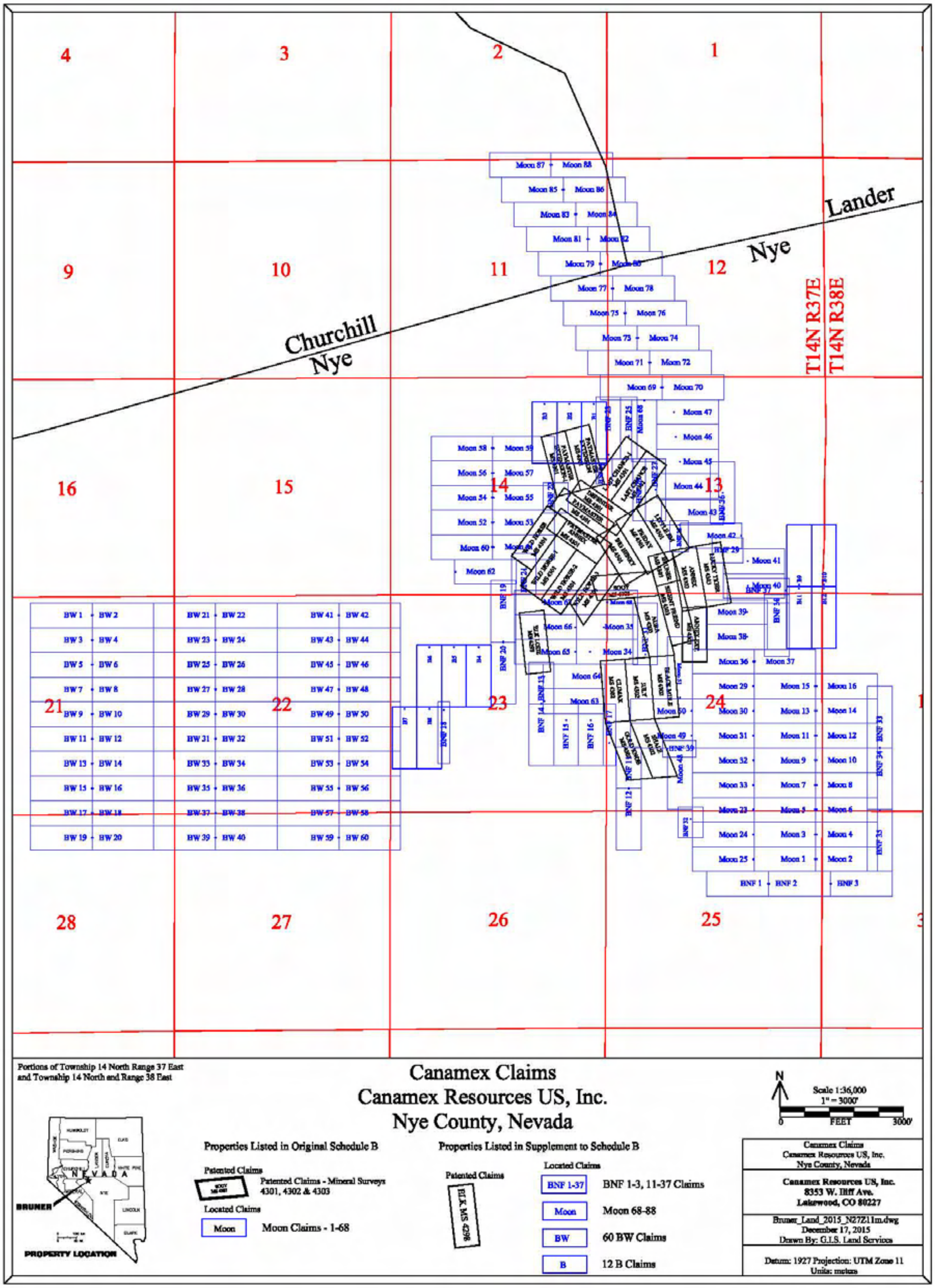
Patriot initially acquired sixteen unpatented mining claims from MinQuest Inc., a private Nevada Corporation, under an agreement dated July 2003. Patriot staked an additional 43 unpatented lode mining claims between 2004 and 2009. A core group of 26 patented mining claims are controlled under an option to purchase agreement dated April 2009 between Patriot Gold and American International Ventures, Inc. (AIVN). In March 2014 Canamex purchased a single inlier patented claim, and in November 2015 Canamex purchased the underlying 26 patented claims from AIVN. These patented claims are still subject to the option to purchase agreement held by Patriot Gold. It is Canamex’s intent to contribute the patented claims to the joint venture upon consummating the new joint venture agreement that will govern the property going forward.

Between 2013 and 2015 Canamex acquired an additional 124 unpatented claims by staking open ground. These claims will become part of the joint venture and are subject to the same royalty burden as the other unpatented lode mining claims under an area of influence clause in the underlying option agreements.

Under the option agreement between Canamex and Patriot, Canamex had to spend US$6 million by April 2017 in order to earn an initial 70% interest in the Bruner property. Canamex has advised Patriot that it has met its earn-in requirement and that a joint venture between Canamex and Patriot is now in effect. Under the terms of the joint venture Canamex controls 70% interest and is the manager of the joint venture; Patriot controls 30% interest in the joint venture. The two parties are in negotiations over a draft joint venture agreement that will govern the joint venture going forward. In the meantime, the Option Agreement under which Canamex acquired its initial 70% interest is in effect and allows for the joint venture to progress under Canamex’s management. The ultimate ownership percentages of the two members of the joint venture will be determined by each member's contribution to subsequent work programs and any dilution suffered as a result of non-participation.

Figure 4.3: Bruner Gold Project Mining Claims Map

Source: GIS Land Services, Reno, NV



To earn its initial interest in the property, Canamex has completed the following expenditures over a seven year period (**Table 4.1**).

Table 4.1: Schedule of Exploration Expenditure Commitments by Canamex

Exploration expenditures to be incurred during 12 months ended		Expenditures
May 28, 2011 (completed)	Required	$ 200,000
May 28, 2012 (completed)	Optional	$ 400,000
May 28, 2013 (completed)	Optional	$ 600,000
May 28, 2014 (completed)	Optional	$ 800,000
May 28, 2015 (completed)	Optional	$1,000,000
May 28, 2016 (completed)	Optional	$1,500,000
May 28, 2017 (completed)	Optional	$1,500,000
Total expenditures completed		**US$ 6,000,000**

Under the terms of the underlying option agreement between Patriot and MinQuest, MInQuest retains a 3% NSR royalty on the unpatented claims. Two thirds of the retained royalty (2%) can be purchased for $2 million USD upon or before the completion of a bankable feasibility study.

The 26 lode patented claims acquired from AIVN are subject to two underlying royalties, most of which can be bought out. 1) Orcana Resources Inc. retains a 2% NSR on the patented claims, which can be purchased for US$250,000 in either cash or marketable securities, at Canamex's option, upon completion of a feasibility study. In addition, Orcana is due a payment of US$250,000, in either cash or marketable securities, upon Bruner achieving commercial production, and 2) AIVN retains a 1.5% NSR royalty, of which 2/3rd (1% NSR) can be purchased for US$500,000 up to any time prior to 30 days after commencement of mine construction, leaving a 1/2% NSR royalty due AIVN after said buyout.

Upon completion of the US$ 6 million expenditure requirement and the earn-in on an initial 70% of the Bruner Property, a 70:30 (Canamex:Patriot Gold) joint venture is formed, with Canamex as the manager of the joint venture, who will propose annual budgets for the joint venture, and further expenditures on the property are shared pro-rata. Patriot Gold will have 30 days from being presented with an annual budget to decide whether they will participate or accept dilution under the dilution clause specified in the Option Agreement. If Patriot's interest gets diluted down to 10%, then their participating interest reverts to a 2% NSR.

The unpatented claims occur on Federal Government land administered by the Department of Interior's Bureau of Land Management (BLM). Any exploration work, which creates surface disturbance on unpatented claims, is subject to BLM rules and regulations. A "Notice of Intent to Operate" and the required reclamation bond must be filed with the BLM for surface disturbances under five acres. BLM approval of the Notice must be obtained before any surface disturbance takes place. Surface disturbances on private land (patented claims) are regulated by the State of Nevada through its Nevada Department of Environmental Protection (NDEP). As with the BLM, NDEP allows up to 5 acres of disturbance under a minimal 'notice' and reclamation bond. Exploration and mining disturbances on private land which exceed 5 acres require an 'Exploration and Reclamation Plan' as well as a reclamation bond. There is an extensive system of access roads and close spaced drilling roads on the resource area of the patented claims. These roads were done before NDEP passed stricter regulations regarding reclamation on private land. These roads can remain unclaimed indefinitely.

Canamex's exploration program on unpatented claims to date operates under a Notice of Intent filed with the BLM. The reclamation bond for these activities in the amount of US$13,409 has been posted by Canamex. The Notice of Intent was amended and renewed in September, 2015, and is good until September 15, 2017. Exploration on patented claims has been done from pre-existing disturbance.

5.0 ACCESSIBILITY, CLIMATE, LOCAL RESOURCES, INFRASTRUCTURE AND PHYSIOGRAPHY

The description of accessibility, climate, local resources, infrastructure and physiography was modified from Tanaka (2015).

The property is accessed from Gabbs by traveling north on Nevada state highway 361 for approximately 3.5 miles, turning right onto the Lodi Valley County Road, a county-maintained gravel road, and traveling northeast about 12 miles and turning right onto an unmaintained two-track county road which leads 3.5 miles into the property (**Figure 4.2**). The unmaintained road crosses the Paradise Range where it connects on the east side of the range with the county-maintained gravel road going from Austin to Ione.

There is only minor vegetation consisting of sagebrush and other shrubs and grasses native to the high desert environment on most of the lower and western side of the property. In the higher elevations and on the east side of the property there are locally dense groves of pinion and juniper trees.

The Bruner area, at an elevation of 5,000 to 7,000 feet, has a climate characterized by warm, dry summers with intermittent thunderstorms and cold relatively dry winters. Ranges are variably covered with snow during parts of the winter, and occasional heavy storms can deposit as much as two feet of snow on the property. Precipitation generally averages around 8-inches per year.

Very basic services are available most of the time in Gabbs. Hawthorne is 60 miles to the southwest and Fallon is 65 miles to the northwest, and both of these towns can provide a full range of services. Mining and exploration can be accomplished virtually year-round with only occasional interruptions due to snow in the winter and muddy roads in the spring. An open-pit, magnesium (brucite) mine in Gabbs operates 365 days a year. The closest electric transmission lines are in Gabbs, and water would be obtained through wells to be developed on the property. Because of the number of operating mines within 100 miles of the project, there is a pool of trained mining personnel in the region. Mining and exploration work is a significant economic factor in the region, and new projects are generally favorably received.

The property occurs in the Basin and Range physiographic province comprising a series of northerly-trending, broad, flat basins divided by steep, fault-bounded mountain ranges. Surface water drainage is via typically seasonal streams and creeks to the nearest basin.

6.0 HISTORY

This description of the discovery and production history of the district is modified from Tanaka (2015) and Noland (2010).

Gold was initially discovered in the Bruner District in 1906 when surface showings of what was considered to be gold telluride, but was more likely electrum, were found in the vicinity of what became the Paymaster mine (Kral, 1951). Total production from the district is approximately 55,587 gold-equivalent ounces from 99,625 tons of ore grading 0.56 oz Au-equivalent/ton (Kleinhampl and Ziony, 1984). The history of the district's development is summarized from Schilling (1991) and Nolan (2010) below:

- 1906 - 1915 discovery and numerous small mines operating;
- 1915 - 1925 district consolidated by Kansas City - Nevada Cons. Mines Co
- 1926 - 1942 period of major production;
- 1948 - 1949 small scale mining by lessors;
- 1978 - 1998 open pit mining and in-situ leaching by J. Wilson
- 1983 - 2004 mapping, sampling, drilling, geophysical surveys by various mining companies;
- 2005 - 2009 mapping, drilling, geophysical surveys and sampling (surface and UG) by Patriot Gold.

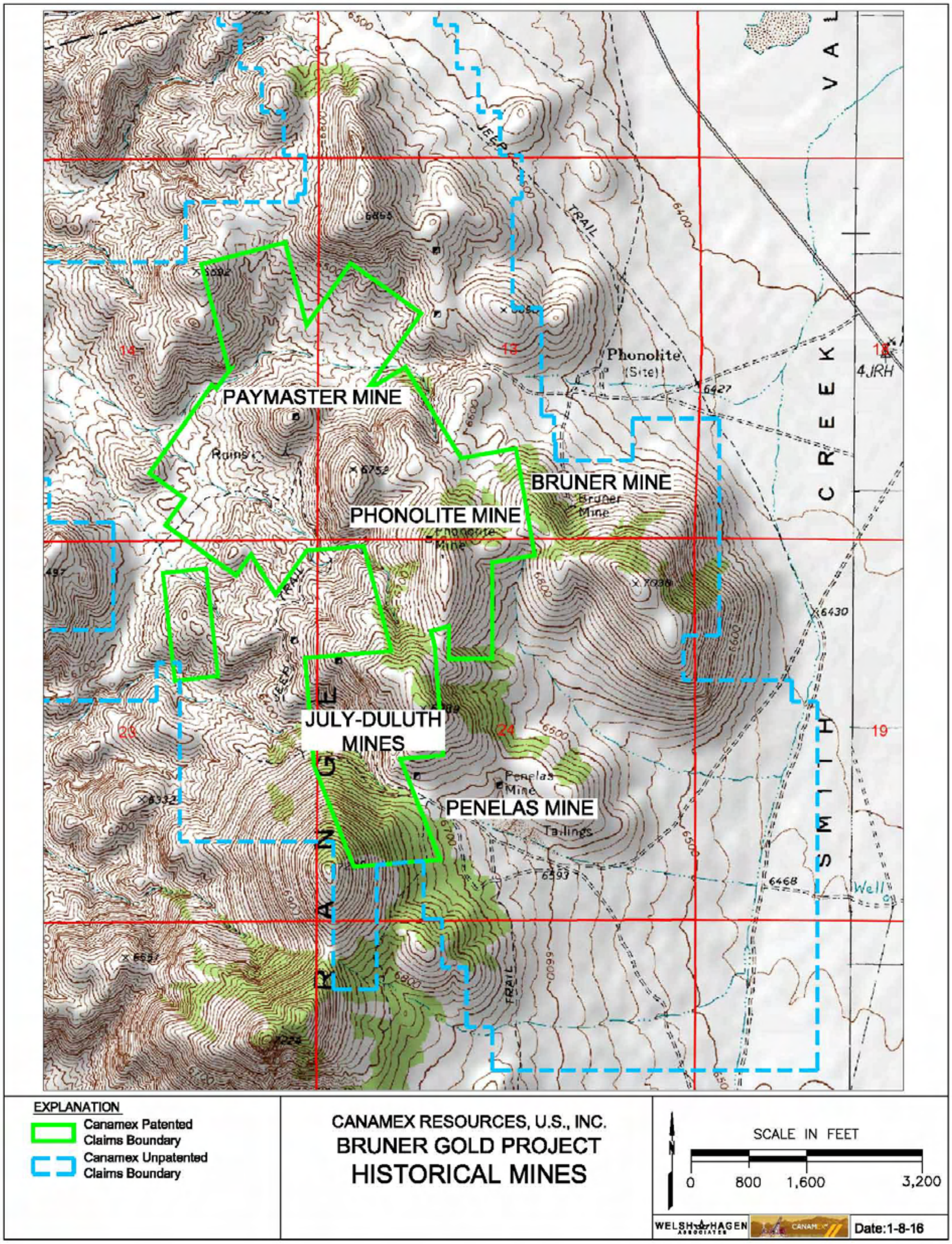
Figure 6.1 presents the areas of historical mining at the Bruner property.

6.1 Paymaster

The Paymaster mine was first developed in 1906, and was purchased by the Kansas City – Nevada Consolidated Mines Co. in 1915. The mine is developed by a 375-foot shaft with 2,000 feet of workings on three levels.

In 1978, Jesse R. Wilson purchased much of the district, and developed Paymaster hill into an in-situ, cyanide-leach operation, capable of producing 2 oz gold/day. Wilson also assembled a 300-ton cyanide mill which from 1980 to 1986 was used to treat open-pit ore from the Paymaster as well as ore from the "Amethyst Pit" (HRA area). Only incomplete production records exist for the in situ operation and open-pit mining.

Figure 6.1: Historical Mines in the Bruner Gold Project Area



In 1988 Miramar Mining Corporation leased the district from Mr. Wilson and entered into a series of joint ventures with other mining companies to explore the district. In 2003, Miramar received recognition from the state of Nevada's Division of Environmental Protection for its work in cleaning up the Paymaster site. Environmental consultants hired by Newmont Exploration have examined the Paymaster workings and found no detectable traces of cyanide in the air and acceptable levels in the water. No activities with the potential for environmental degradation have been carried out at the Paymaster since these studies were conducted.

6.2 Duluth et al (Historic Resource Area)

The Duluth, Black Mule, Ole Peterson, Golden Eagle, July Lode workings are south-southwest of the Phonolite adit on the west flank and crest of the range. Exploration and development began in about 1906 by the Golden Eagle Mining and Milling Company. From 1936 - 1944, the mine yielded $70,000 in gold and some silver. From 1980 to 1986, Jesse Wilson mined the July vein; mostly by open pit methods at the Amethyst pit, but also to a limited extent underground; the ore was milled at his mill on the Paymaster. No production records were kept. The mine is developed by the Lower and Upper adits and has over 1,000 feet of workings, stopes, and three (Hagarth, Crag, and White) shafts. The main ore zone occurs in a chimney-like, 8 x 14 foot ore shoot which has been mined from the main workings up to the surface.

6.3 Penelas

The Penelas Mine is in the southeast part of the district on the east flank of the range. Initial discovery of the ore shoot was reported in 1923, but significant production did not begin until 1935.

From 1931 to 1942 the mine was operated by the Penelas Mining Co., and the ore was deemed exhausted by 1941. According to U.S. Bureau of Mines statistics the Penelas has produced a total of 26,000 oz gold and 120,000 oz silver from 80,100 short tons of ore.

6.4 Phonolite (Bruner)

The Phonolite (Bruner) mine is located about a half mile southeast of the Paymaster on the east slope of the range. The workings include the 1,000-ft, east-west Phonolite adit, several shafts, and other workings. In some reports and maps the Bruner and Phonolite mines are listed as separate adjacent mines. Quin (1990) calls it the “Bruner Prospect” and Garside (1981) states that production was “probably none” for both “mines” (Shilling 1991).

7.0 GEOLOGICAL SETTING AND MINERALIZATION

This description of the geological setting and mineralization was modified from Tanaka (2015).

7.1 Regional Setting

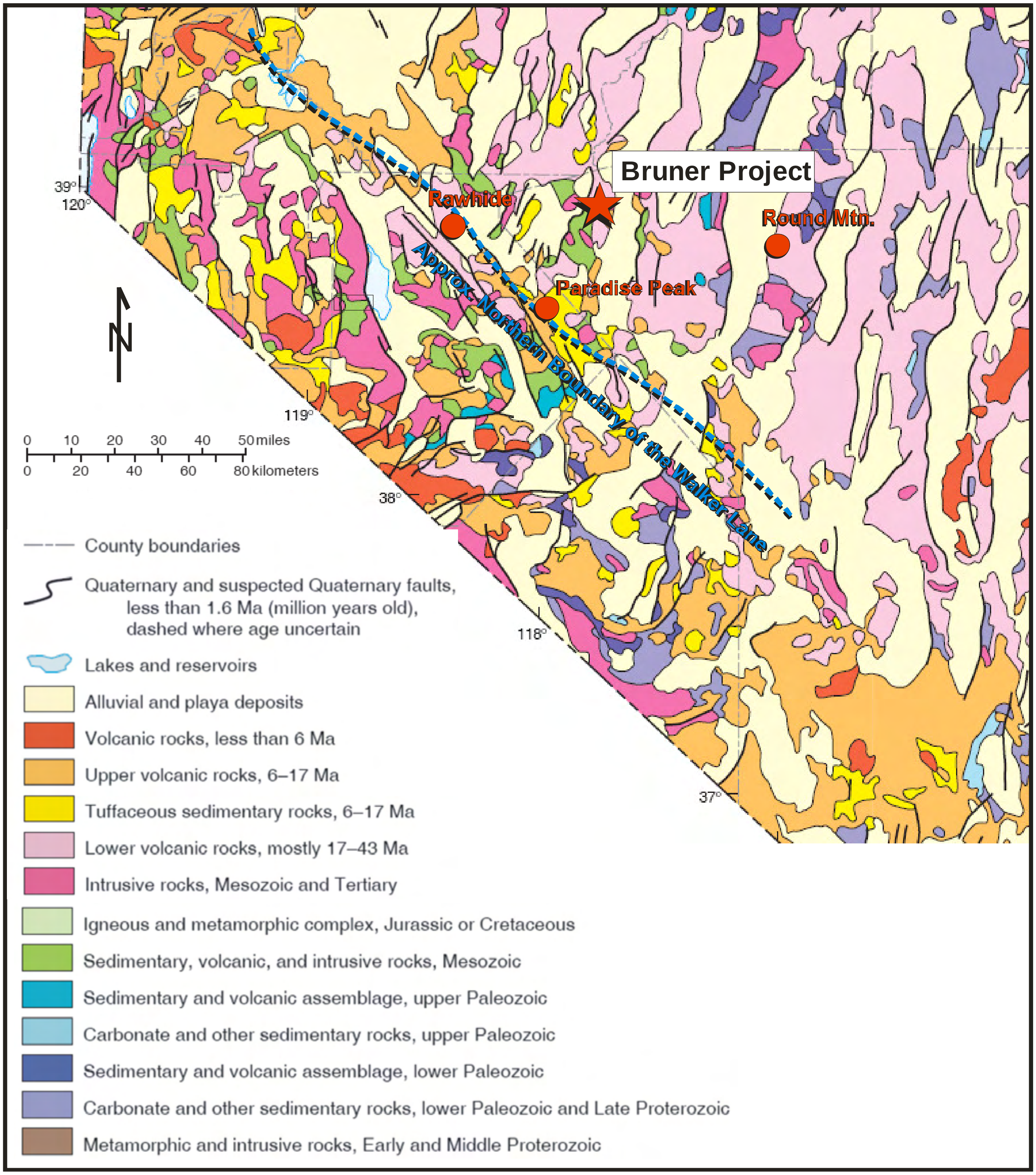
The Bruner Gold Project lies at the north end of the Paradise Range within the western part of the central Basin and Range Province (**Figure 7.1**). The stratigraphy of this region consists of Paleozoic to Mesozoic intrusive, sedimentary, and metamorphic units overlain by Cenozoic age rhyolitic to andesitic volcanic rocks (John et al., 1989). Mid to Late Tertiary age calderas formed throughout the Great Basin province with associated intermediate to felsic volcanism and regionally extensive silicic ash-flow tuff units deposited from 35-19 Ma (Henry and John, 2013). This was followed by a period of intermediate to felsic volcanic intrusions and flows that continued until the onset of Basin and Range extension at ~15 Ma (John et al., 1989). Intermediate to mafic volcanic units represent the most recent period of igneous activity in the area and were emplaced between 12-10 Ma (John, 1989).

The Basin and Range Province has been a focus of extensional and trans-tensional strain since at least the Oligocene (Hardyman and Oldow, 1991). Since ~15 Ma, extension in west-central Nevada has been episodic and the magnitude of strain spatially heterogeneous. Basin and Range tectonism has formed a generally north- and north-northeast-trending structural fabric in the region surrounding the Bruner property. From ~10 Ma to present regional strain has been in part accommodated by the Walker Lane, a northwest-trending dextral shear zone in western Nevada (Atwater, 1970; Faulds and Henry, 2008). The Bruner property lies approximately 40 km northeast of the boundary between the Walker Lane and Basin and Range structural domains and displays evidence of Ancestral Walker Lane type tectonism.

Epithermal precious metal deposits throughout west-central Nevada are hosted in Tertiary age volcanic rocks and typically display a close spatial and temporal relationship with the ancestral arc volcanism and the structural evolution of the region (Gray, 1996; du Bray et al., 2014). This portion of west-central Nevada is host to numerous historic and active mines, most notably the Rawhide, Paradise Peak, and Round Mountain mines (**Figure 7.1**).

Figure 7.1: Regional Geology of West Central Nevada (Source: Tanaka (2015)

Modified from Nevada Bureau of Mines and Geology Map 57, Million-Scale Geologic Map of Nevada by John H. Stewart and John E. Carlson, 1977; and fault maps by Craig M. dePolo, 1998



7.2 Local and Property Geology

The Paradise Range is comprised of intermediate-felsic flows, domes, and tuffs with K-Ar ages of 19.3-23.1 Ma (Kleinhampl and Ziony, 1984). The eruptive centers in the Bruner area are part of the southern segment of the ancestral cascades arc and were active in western Nevada and eastern California between 30-3 Ma. Ancestral arc volcanism is attributed to asthenospheric upwelling following rollback of the subducting Farallon slab (du Bray et al., 2014).

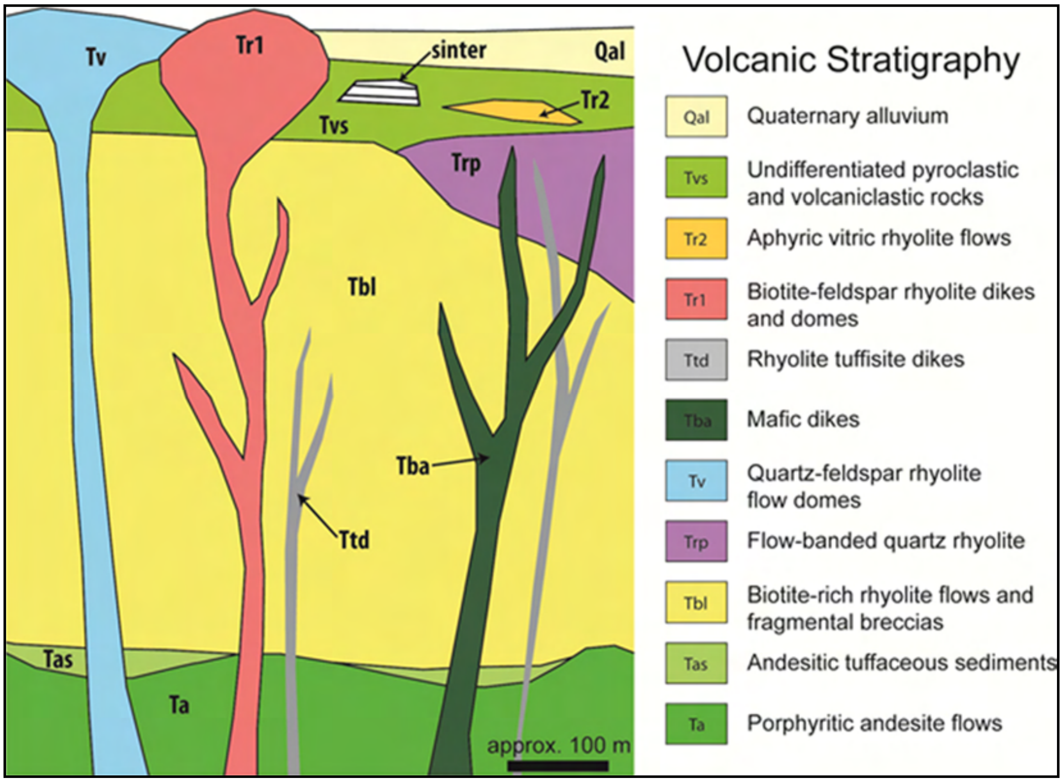
The general stratigraphy at the Bruner property is graphically represented in **Figure 7.2**. The oldest unit found at the Bruner property is a dark grey-green porphyritic andesite unit (Ta) with plagioclase and orthopyroxene phenocrysts. This unit was irregularly eroded forming an uneven paleosurface on which a light grey-white tuffaceous, ashy sediment unit (Tas) was subsequently deposited. These tuffaceous sedimentary rocks (Tas) are only preserved at some locations in the Bruner area. The ages of the Ta and Tas units at the Bruner property are unknown.

A tan-buff colored, biotite- and feldspar-rich rhyolitic flow and fragmental breccia unit (Tbl) with a few intercalated tuffaceous intervals overlays Ta and Tas rocks. This unit is heavily oxidized and contains some glassy lenses, abundant liesegang banding, and ubiquitous lenses of silica + iron oxide cemented microbreccia (SMB). The age of the Tbl unit is 20.8-23.8 Ma (Baldwin, 2014). This unit is the main host rock in the Historic Resource Area at Bruner. The Tbl unit is overlain by white and light purple colored flow-banded quartz rhyolite rocks (Trp) with intercalated vitrophyric layers. The contact between Tbl and Trp is irregular and sometimes steeply dipping. The Trp unit is the main host rock in the Penelas Area at Bruner. Lastly, a younger rhyolite flow dome (Tv), basaltic (Tba, Tba-bx) and rhyolitic (Ttd, Tr1, Tr2) intrusive units, and undifferentiated pyroclastic and volcaniclastic (Tvs) units were emplaced or deposited in the Bruner area.

Bruner lies in a region where normal faulting, characteristic of the Basin and Range Province, interacts with and/or overprints strike-slip and oblique-slip faults of the ancestral Walker Lane (~26-15 Ma; Gray, 1996). The resulting rocks display a high degree of brittle deformation from the overprinting of these northwest-, north-, and north-northeast-trending structural regimes. The northwest-trending structural assemblage at Bruner is offset by the younger north- and north-northeast-trending faults. This structural paragenesis is observed in other parts of the Paradise Range area (John et al., 1989; Dering, 2014).

Present-day topography and juxtaposition of the local stratigraphy, alteration assemblages, and vein textures indicates that relatively late vertical displacement of the rocks at Bruner has occurred.

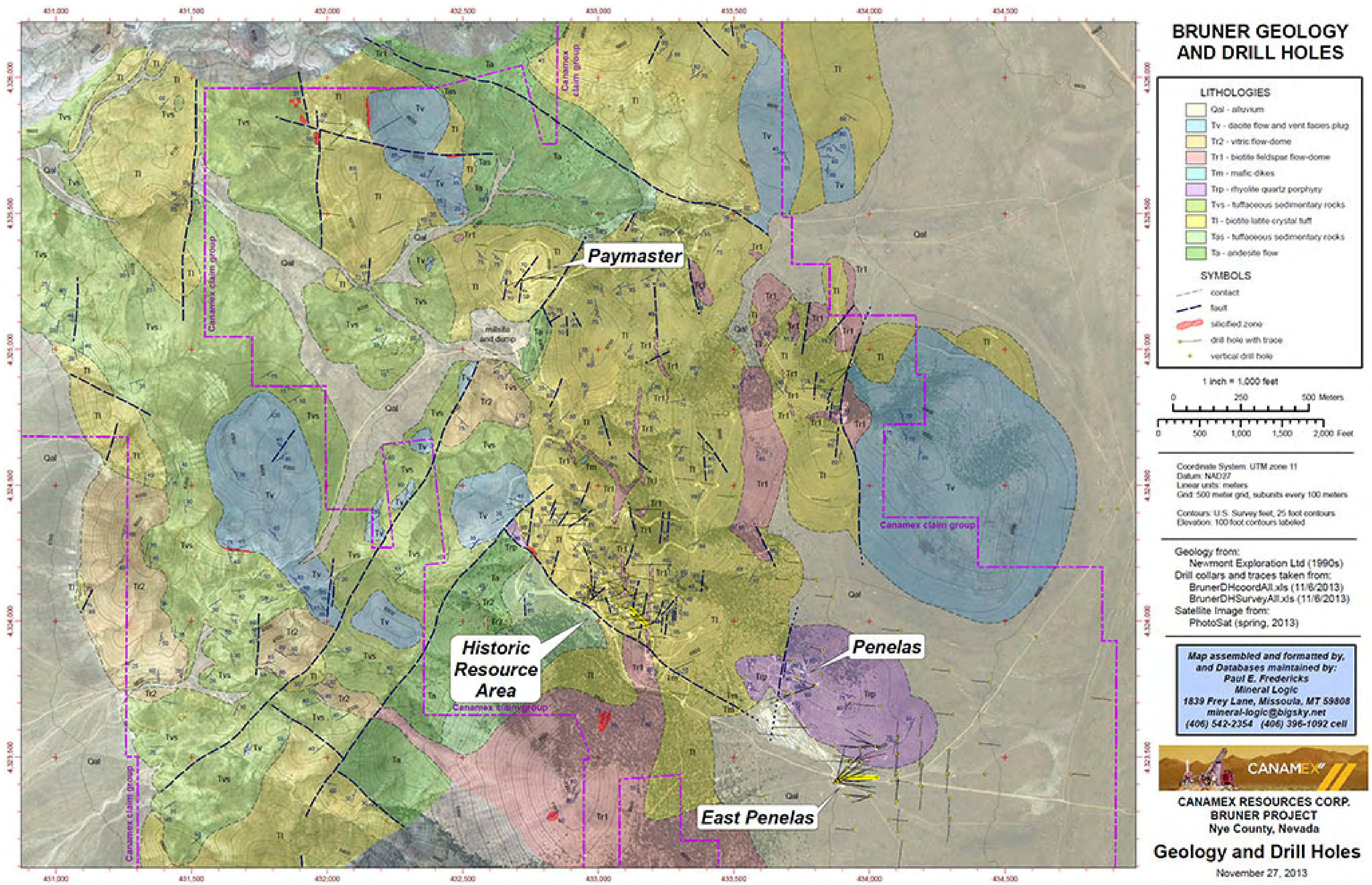
Figure 7.2: Bruner Stratigraphy and Unit Descriptions
(modified from Baldwin, 2014)



The Tbl and Trp units display early-stage fine-grained, potassium-rich alteration assemblages of adularia ± illite and zones of silicification with matrix flooding and quartz veinlets throughout the property. Alteration proximal to mineralized zones formed pervasive dark grey quartz and coarse-grained adularia assemblages. Alteration distal to mineralized zones produced propylitic and argillic assemblages. Propylitically altered rocks contain chlorite + calcite + pyrite, but have been pervasively oxidized in most areas. Illite-rich argillically altered rocks occur proximal to mineralized zones and change to lower temperature smectite-rich assemblages distal to mineralized areas. **Figure 7.3** presents the local geology compiled by Newmont Exploration.

Mineralized material minerals at Bruner include electrum (Au, Ag) and acanthite (Ag_2S) in addition to trace quantities of uytenbogaardtite (Ag_3AuS_2) and embolite (Ag(Br,Cl)). Acanthite is typically fine-grained and disseminated hosted in quartz + adularia veinlets and veins. Electrum is found in two size populations at Bruner; the relatively coarse-grained (25-250 µm) electrum appears to have formed first followed by a finer-grained (1-20 µm) electrum type. $^{40}K/^{40}Ar$ age dating indicates primary mineralization occurred at ~16.4 Ma at Bruner (Baldwin, 2014). Mineralized rocks at Bruner do not contain appreciable amounts of base metals (typically <20 ppm; Baldwin, 2014), or the epithermal suite of elements (arsenic, antimony, or mercury).

Figure 7.3: Local and Property Geology of the Bruner Gold Project (from Newmont Exploration)



7.2.1 Historic Resource Area

The Historic Resource Area surrounds the historic July-Duluth Mine and includes most of the west-facing hillside in this part of the Bruner property (**Figure 7.3**). Outcrop in the Historic Resource Area is dominated by moderately (30-55°) north-dipping biotite-rich Tbl rocks with intruding rhyolite dikes (Tr1) and rare occurrences of rhyolite tuffisite dikes (Ttd) and mafic intrusive rocks (Tba).

Rhyolite dikes (Tr1) appear to post-date mineralization in this area and no direct relationship between Ttd/Tba and mineralization has been observed in surface or underground exposures. At Bruner the Tbl unit consists of two main textures; a fragmental breccia (Tbl-bx) with abundant cobble-sized cognate clasts and minor gravel-sized lithic clasts and a finer-textured flow unit (Tbl-f) containing coarse-grained biotite and feldspar phenocrysts and fine-grained quartz in a silica-rich matrix. Throughout the Historic Resource Area outcrop of the Tbl-bx subunit is discernable from Tbl-f by the presence of weathered cobble-sized pockets that once contained cognate clasts.

Structural measurements from the Historic Resource Area show that veins, faults, and joints are consistently north-trending and steeply-dipping and display normal and dextral-normal slip (Dering, 2014). Surface and underground mapping highlight older northwest-trending faults that are offset by these north-trending structures. The weak surface expression of these structures suggests slip on the north-striking structures has been tens of meters or less.

The Historic Resource Area contains distinctive spires up to 15 meters in height that are dispersed along the west-facing hillside. These spires are formed by adularized and silicified Tbl rocks and represent the earliest alteration assemblage in this area. The spires are not mineralized, though they do designate fluid up-flow pathways and it appears that later mineralizing fluids were concentrated along these same permeable conduits and mineralized the adjacent rocks. The Tbl rocks peripheral to mineralized zones in the Historic Resource Area display a smectite-rich argillic alteration assemblage and have a pale grey to white color. Argillized rocks proximal to mineralized areas contain more illite-rich assemblages with ubiquitous manganese oxide.

Mineralized Tbl rocks are often pervasively adularized and display grey to dark grey matrix silicification and dark grey quartz veinlets and veins with fine-grained electrum and acanthite. Altered and mineralized intervals occupy north-striking high-angle structures (**Figure 7.4**) and were the focus of historic mining operations at the July-Duluth Mine, yet these faults and veins only display subtle surface expressions. Intersections of veins and pre-existing structures, such as northwest-striking faults, seem to be particularly favorable sites to target high-grade mineralization in the Historic Resource Area. For example, the Crag Fissure is a northwest-striking structure located within the July-Duluth Mine and contains high-grade electrum- and acanthite-bearing dark grey quartz vein fragments with bladed quartz after calcite (indicative of boiling). A pre-tilt orientation of the Bruner geology suggests that mineralized structures in the Historic Resource Area had a near-vertical dip during the time of mineralization. The mineralized zones, as presently identified, display a weak association with the lithological contact between the Tbl-bx and Tbl-f subunits possibly due to permeability or kinematic variations in these rocks (**Figure 7.5**).

Figure 7.4: Historic Resource Area Surface Geology

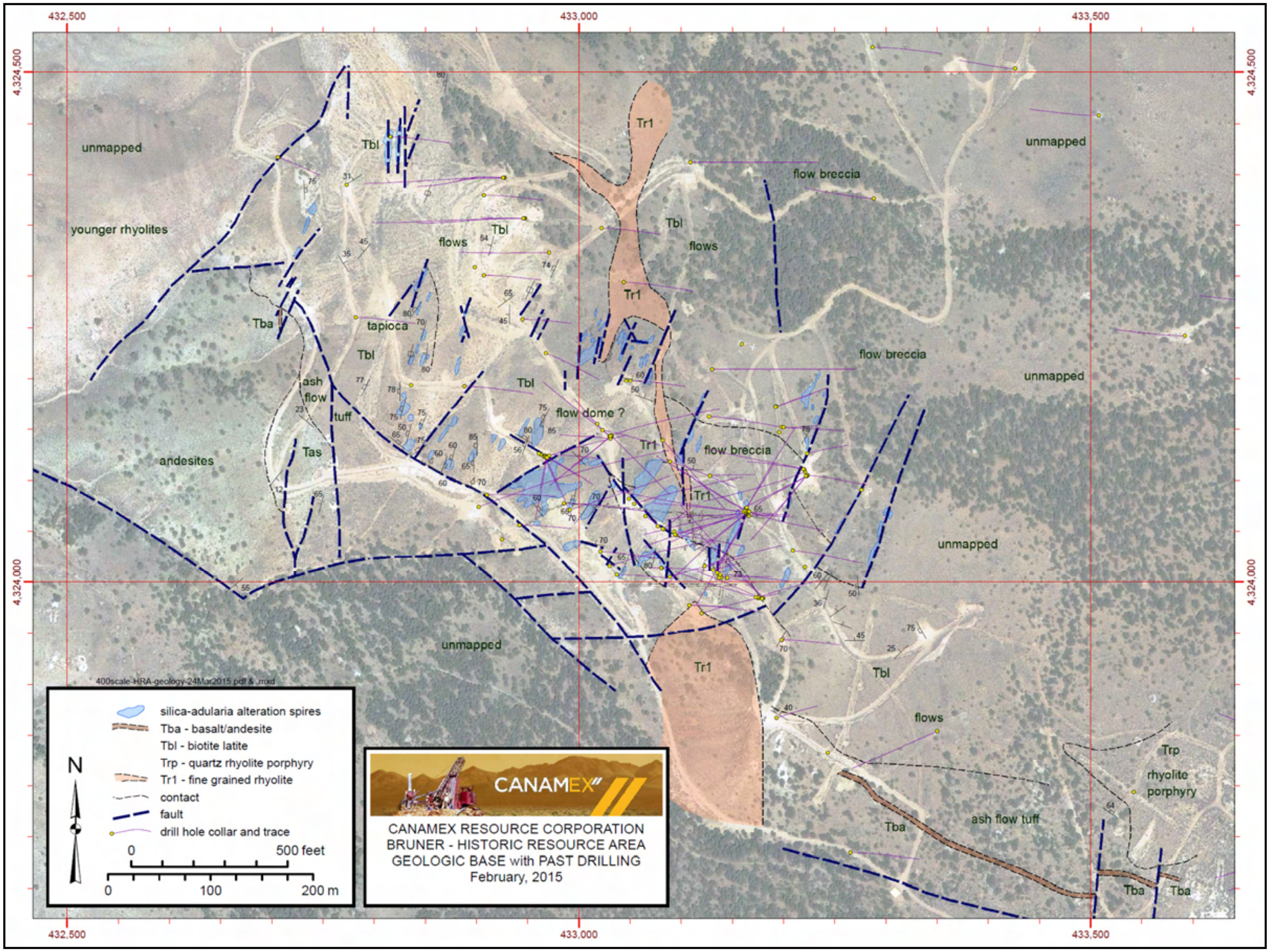
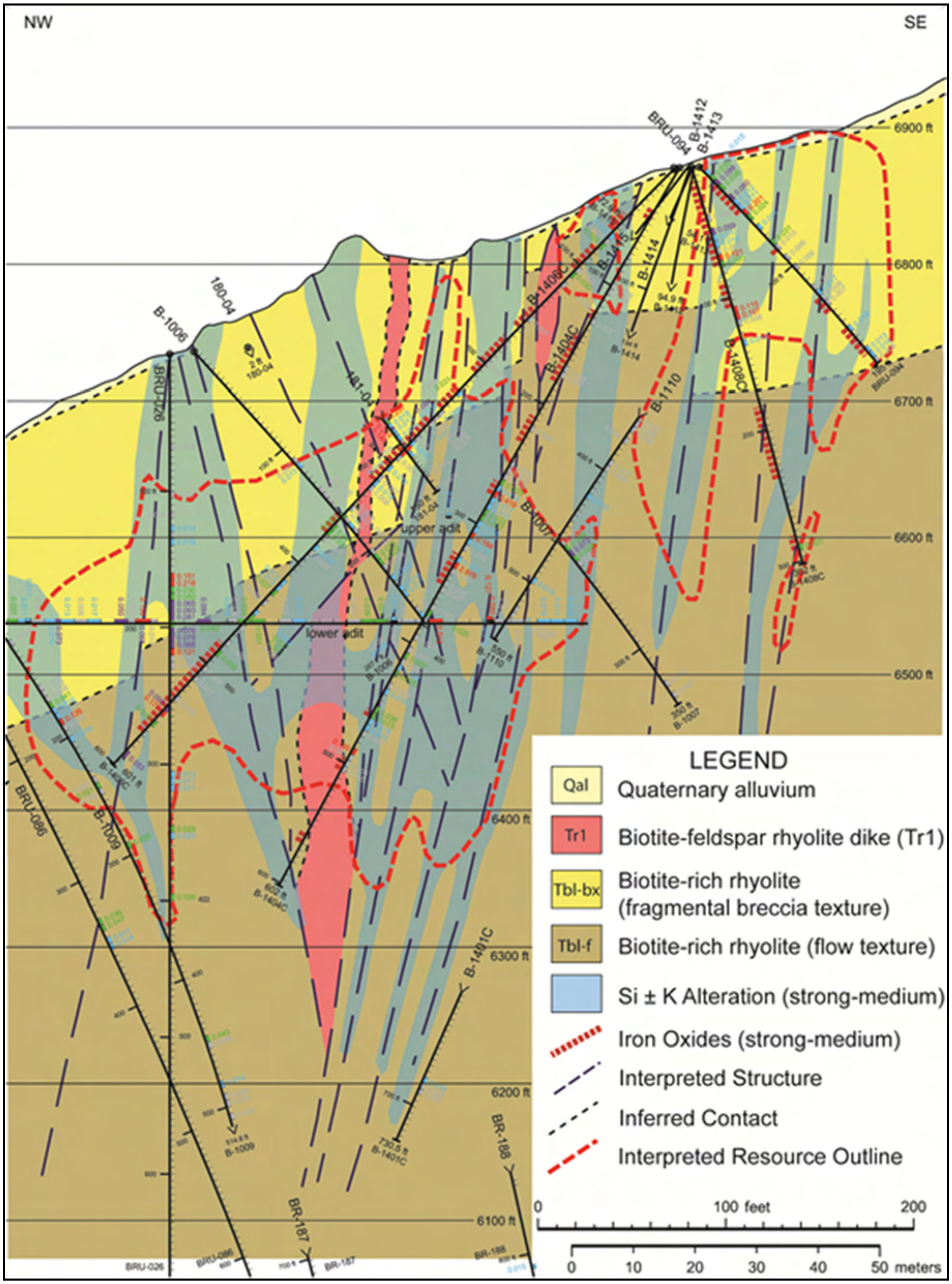


Figure 7.5: Historic Resource Area Geologic Cross-Section

(Canamex Resources Corp)



Textural evidence suggests that acanthite was partially leached out of primary electrum + acanthite assemblages in the Historic Resource Area. Although gold is typically hosted within and adjacent to high-angle structures the morphology of a widespread halo of lower-grade gold-bearing rock subparallel to the current topography is present in the Historic Resource Area. The Ag:Au ratio is highly variable throughout the Bruner property and pervasive oxidation of the host rocks in the Historic Resource Area is extensive, all indicating that supergene remobilization of silver ± gold likely occurred.

7.2.2 Paymaster Area

The Paymaster Area forms a topographic high covered by cobble- to boulder-sized waste rock from the historic Paymaster Mine. The hill is composed of Tbl rocks overlying Tas and Ta rocks (**Figure 7.6**). Biotite-rich Tbl rocks are typically tan colored with moderate iron oxide staining and silica + iron oxide cemented microbreccia lenses similar to Tbl rocks found throughout the Historic Resource Area. Tuffaceous sediments (Tas) are irregularly preserved underneath the Tbl unit and display a pale white color. Porphyritic andesite rocks (Ta) underlie the Tas and Tbl units. Additionally, traces of biotite-feldspar dikes (Tr1) are found in underground exposures.

Underground mapping at the Paymaster Mine revealed moderately-dipping (50-75°) north- to northeast-trending structures, and a series of shallow-dipping (30-40°) listric faults. Historic workings follow moderately-dipping north-trending faults to structural intersections with northeast-striking structures (**Figure 7.7**). It is unclear whether the shallow-dipping structures influence, or offset, mineralized rocks.

The Tbl and Tas rocks peripheral to the mineralized zones at Paymaster are weakly to moderately propylitically altered (light green color) and argillically altered (light tan color). Tbl and Tas rocks contain moderate amounts of disseminated, oxidized fine-grained pyrite. Altered rocks located within mineralized zones contain lenses, veinlets, and veins of dark grey quartz ± adularia similar to mineralized intervals in the Historic Resource Area.

At Paymaster the host rocks are similar to those in the Historic Resource Area, where mineralized zones are concentrated in fractured, silicified, and adularized biotite-rich Tbl rocks. Rocks mined from the Paymaster Vein in the historic Paymaster Mine are described as fragmented vein material, analogous to some ore material mined at July-Duluth in the Historic Resource Area. Mineralized rocks at Paymaster are located just above the Tbl/Ta contact and appear to be confined by the underlying Ta unit. Based on recent and historic drilling this contact appears to be shallow-dipping and moderately offset structurally, creating a relatively flat-lying mineralized zone compared to other areas of the Bruner property.

Figure 7.6: Paymaster Area Geologic Cross-Section

(Canamex Resources Corp.)

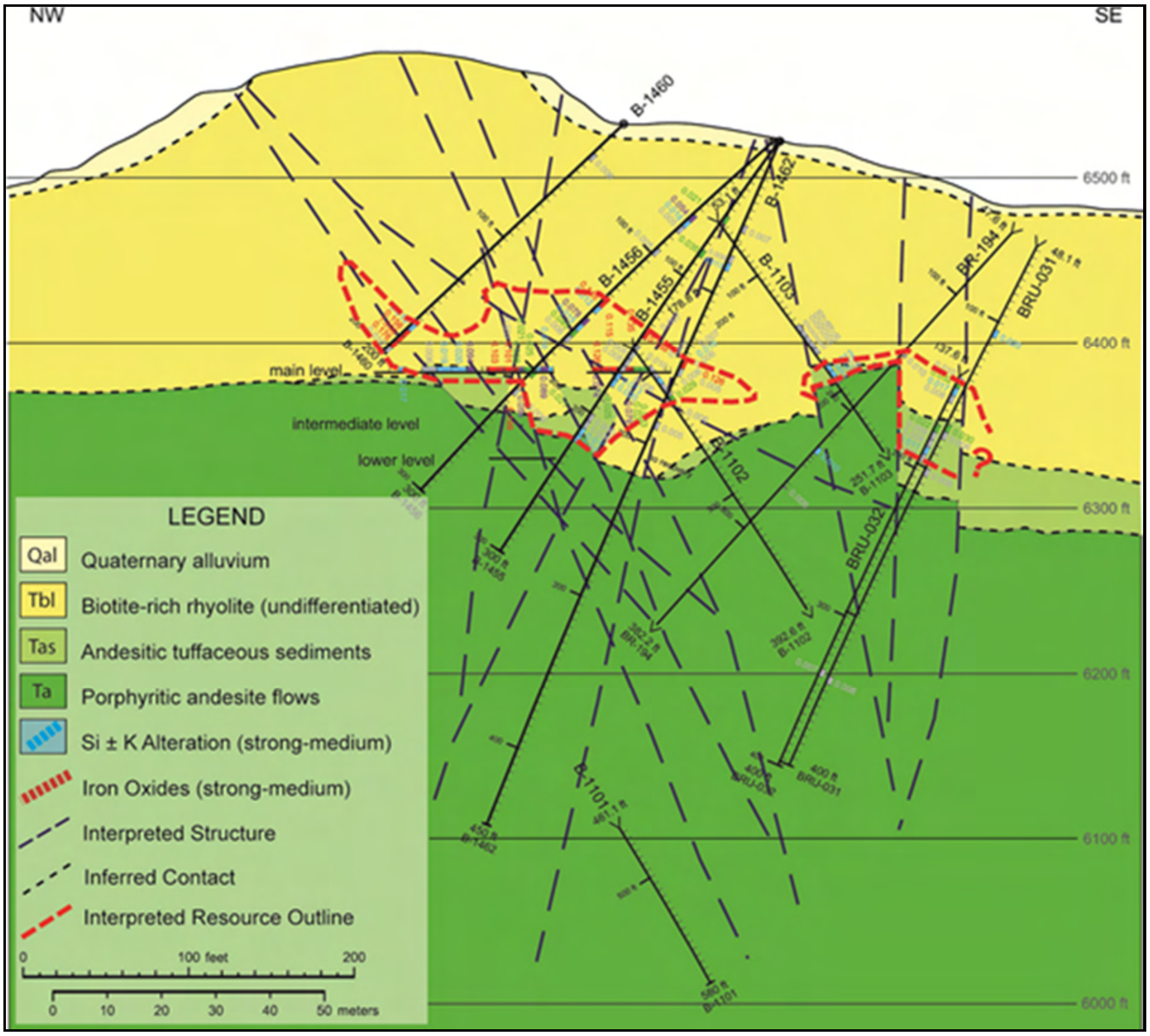
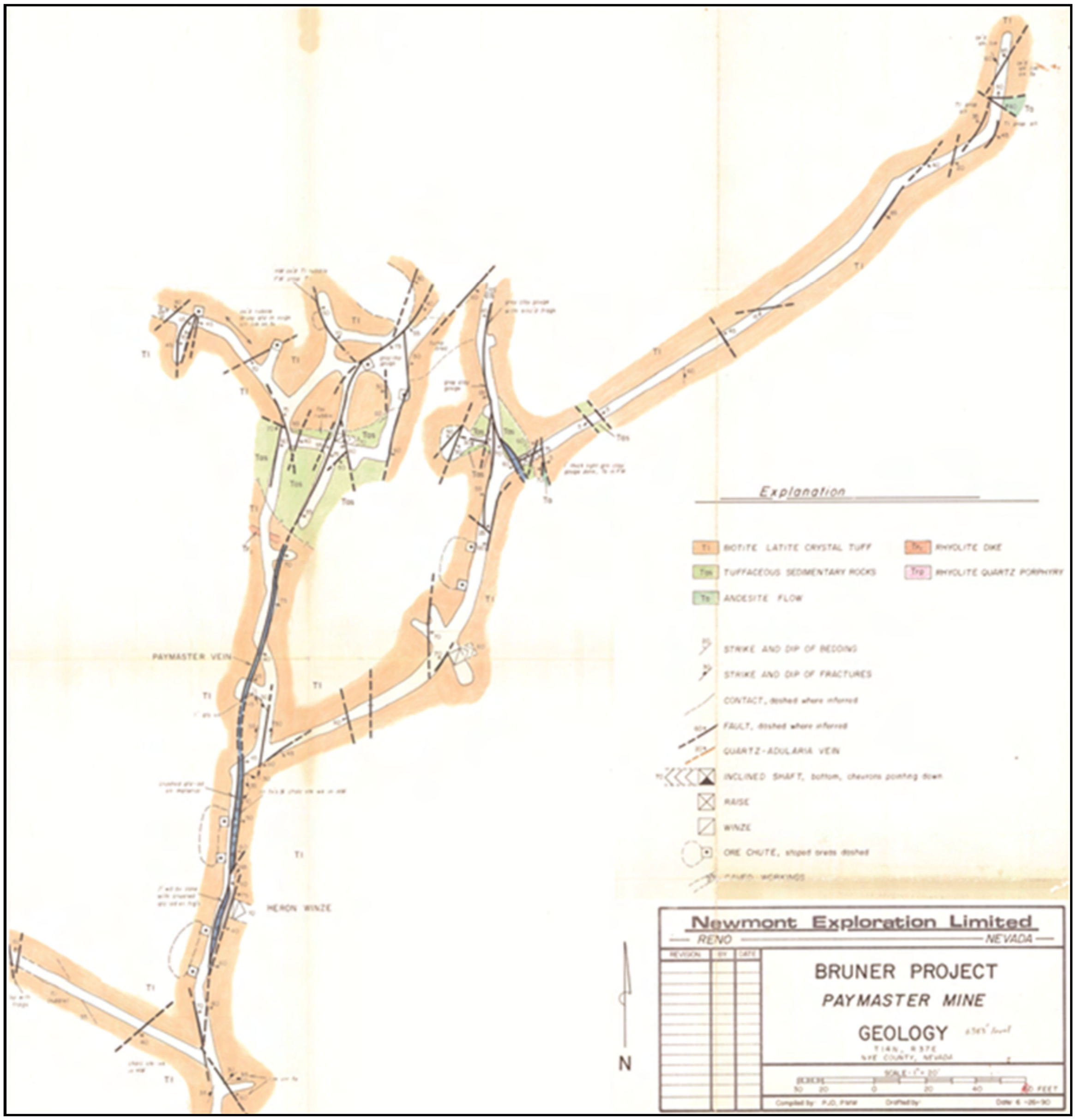


Figure 7.7: Underground Geology of the Paymaster Area

(Newmont Exploration, 1990)



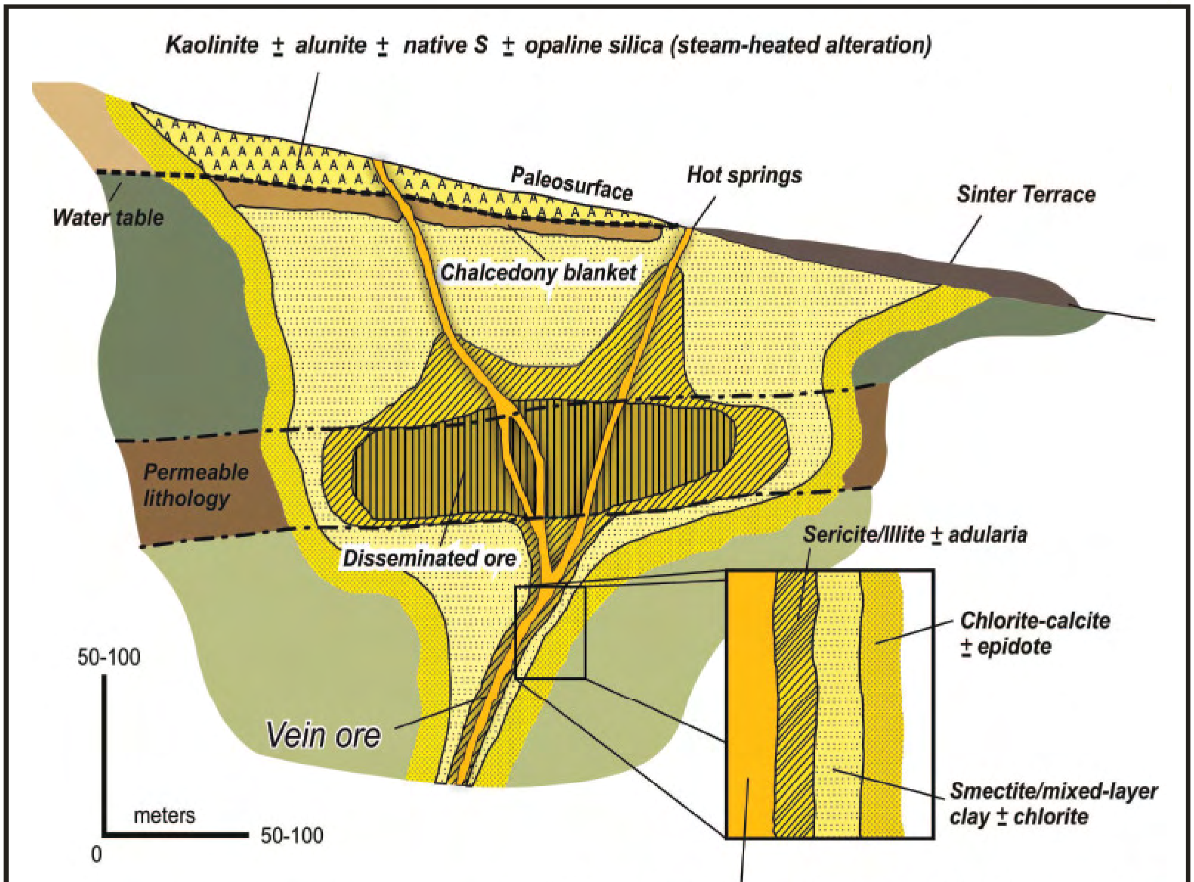
7.2.3 Penelas and Penelas East

The Penelas Area hosts the Penelas Mine, which is historically the most productive mine in the Bruner district. Flow-banded porphyritic rhyolite rocks (Trp) overlie the biotite-rich Tbl rocks and outcrop throughout this area. The Penelas Area contains a series of north-trending structures that offset older northwest-trending faults. The north- and northwest-trending structures sometimes contain mafic dike (Tba) swarms. The age of the Tba unit is ~16.4 Ma, roughly congruent with the timing of mineralization at Bruner.

The Penelas East Area is a newly discovered zone approximately 400 meters east of the historic Penelas Mine. The host rocks at Penelas East are similar to those found at the Penelas Mine. Recent drilling has identified numerous Tba dikes and bi-lithic volcanic breccia (Tba-bx) zones containing rhyolite and mafic clasts in a basaltic matrix. Tba and Tba-bx rocks are concentrated along steeply-dipping north- and northwest-trending faults.

Altered and mineralized rock assemblages in this area are most similar to currently accepted low-sulfidation epithermal models (**Figure 7.8**; Hedenquist et al., 2000; Simmons et al., 2005 among others) compared to the rest of the Bruner property.

Figure 7.8: Schematic Section Showing Typical Low-Sulfidation Type Mineralization

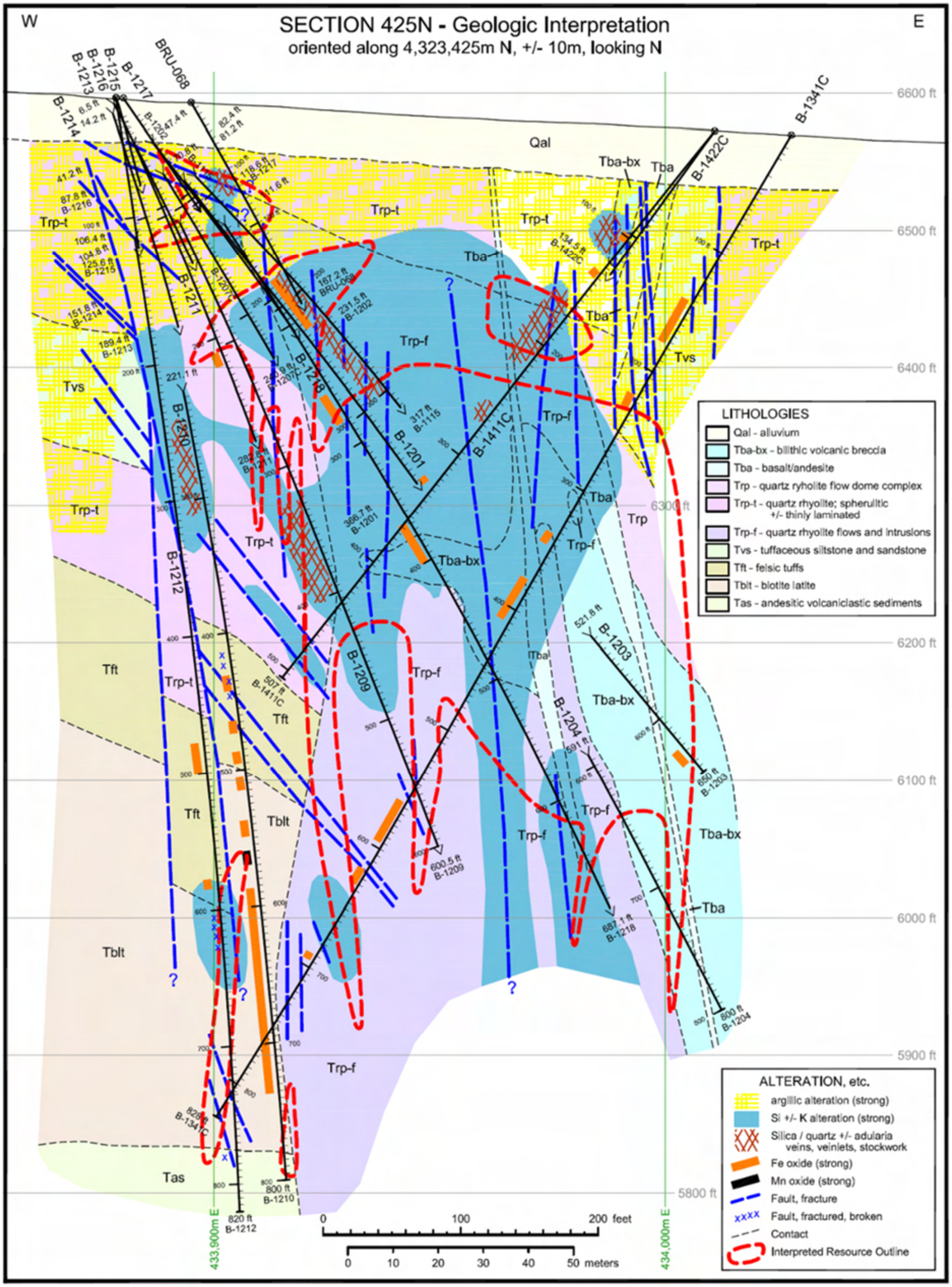


(From Hedenquist et al, 2000)

Distal alteration signatures of the mineralizing system include smectite-rich argillized areas which become increasingly illite-rich closer to mineralized zones. In addition to increasing illite content, argillized rocks proximal to mineralized veins include crystalline kaolinite and display more pervasive silicified and adularized matrices and silica + adularia veinlets (**Figure 7.9**).

Figure 7.9: Penelas East Area Geologic Cross-Section

(Canamex Resources Corp.)



Gold- and silver-bearing veins and veinlets in the Penelas Mine Area occur along a north-striking, moderately east-dipping fault in Trp rocks forming the Penelas Vein. The Penelas Vein is 1-2 meters wide and has a strike length of at least 500 meters. Historic workings followed this vein to at least 300 meters depth in the Penelas Mine. Mineralized intervals contain electrum- and acanthite-bearing quartz + adularia (up to 50%) veinlets and veins with lesser illite, montmorillonite, amethyst quartz, and iron-rich micas. Mineralized structures display textures indicative of open-space filling and boiling including colloform banding, bladed quartz and adularia after calcite, and vugs. Some structures contain fault breccias with mineralized vein fragments similar to parts of the Historic Resource Area (e.g. the Crag Fissure). Importantly, gold- and silver-bearing veins are not commonly found away from the Penelas Vein in the Penelas Mine Area.

Mineralized zones in the Penelas East Area are hosted in Trp rocks similar to the Penelas Mine. At the Penelas Mine gold-bearing veins occur in a discrete vein zone (i.e. the Penelas Vein), though at Penelas East gold-bearing veins form stockwork zones of 1-10 mm quartz + adularia + iron oxide (± illite ± montmorillonite ± amethyst quartz ± iron-rich micas) veinlets. Iron oxide minerals include hematite, goethite, and limonite and are interpreted to have formed, in part, by oxidation of vein-hosted pyrite. In the Penelas East Area these stockwork vein intervals have been intersected at multiple levels in the stratigraphy, unlike at the Penelas Mine, along a series of steeply-dipping structures (**Figure 7.9**). The Penelas Mine and Penelas East Areas are cutoff to the south by a major northwest-trending down-to-the-northeast structure that continues to the south of the Historic Resource Area.

8.0 DEPOSIT TYPES

The description of Deposit Types has been taken from Tanaka (2015).

Gold and silver at the Bruner property occur within narrow quartz + adularia +/- pyrite veins and veinlets, along fractures, and in disseminations that are manifested as sheeted/stockwork zones, vein swarms, and rare 0.3-2 meter wide veins, hosted by high-silica rhyolite flow domes and encasing and surrounding volcaniclastic units that overlie a mostly unaltered andesite base. The mineralization style is classified as low-sulfidation epithermal (LSE) with occasionally high-grade gold+quartz+adularia veins occurring within broad zones of hydrothermal alteration containing low-grade gold and silver.

Structural controls are dominant with northerly striking faults and fractures representing the primary controls on precious metal mineralized veins and fractures. NW-trending faults and fractures represent a subordinate structural control on mineralization. Gold and silver bearing veins and veinlets have robust boiling indications (high adularia content, bladed quartz after calcite, recrystallized colloform quartz bands), lack rhythmic banding and contain 1-2 stages of precious metal introduction; these precious metal-bearing veins occur separately from an earlier population of barren to weakly mineralized rhythmically banded quartz-only veins. Basaltic to basaltic-andesite dikes are commonly present in proximity or immediately adjacent to high-grade gold veins or veinlets, and are considered an integral part of the gold-bearing environment at Bruner.

Most low-sulfidation epithermal deposits, which include a majority of the world's bonanza-grade veins, are associated with bimodal (basalt-rhyolite) volcanic rocks in a variety of extensional tectonic settings, and syn-mineral mafic dikes are common in these deposits (Sillitoe and Hedenquist, 2003). Low sulfidation epithermal deposits are genetically linked to bimodal volcanism and are believed to be formed from dilute fluids which are spatially associated with magmas and where economic gold deposition can occur several kilometers above the level of the causative magma intrusion. Calc-alkalic LSE deposits have restricted vertical continuity, generally <300 meters, whereas alkali LSE deposits can extend in excess of 1000 meters. Mineralized sub-alkalic systems generally have high Ag:Au ratios (>1:1) and low base metal content. Gold is generally associated with pyrite (Robert and others, 2007).

Textures of gold-silver mineralization can include open space filling, symmetrical layering, comb structures, colloform banding, and multiple episodes of brecciation (Panteleyev, 1996). Mineralized zones at Bruner contain all of the above textures. Gold occurs primarily as electrum. Electrum can be accompanied by acanthite and pyrite, and rarely base metal sulfides (Heald, 1987).

Regional- scale fracture systems relating to extension or translational movement and emplacement of flow dome complexes are typical of the host geologic environment. Extensional structures such as normal faults, fault splays, ladder veins, and cymoid loops are common. High-level subvolcanic intrusions, dikes, locally derived coarse clastic rocks, and pebble diatremes are common (Panteleyev, 1996).

Alteration minerals in LSE systems generally show lateral zoning from proximal quartz-adularia in and adjacent to mineralized veins and structures through smectite-illite-pyrite to distal propylitic alteration containing chlorite-calcite (Hedenquist, et.al., 2000). The Bruner mineral system displays a similar alteration zoning pattern surrounding gold-silver mineralized zones. **Figure 7.8** above presents a generalized model for low-sulfidation systems.

Bonanza-grade veins, as occur at the Sleeper and Midas deposit in northern Nevada, are a common component of LSE deposits. The historical production from the Bruner property was from the Penelas Mine, a well-defined high-grade vein that demonstrates strong similarities to typical bonanza vein type deposits within typical LSE environments.

Examples of LSE deposits in the general vicinity of the Bruner property include the Denton-Rawhide and Round Mountain deposits (John, 2001) and the Castle Mountain deposit (Capps and Moore, 1991).

9.0 EXPLORATION

The description of Exploration has been modified from Tanaka (2015).

9.1 Historic Exploration

Very little surface exploration was undertaken before Newmont Exploration Limited acquired an option on the property from Miramar Mining Corporation in 1988.

In December 1988, Newmont Exploration Limited signed an agreement with Miramar to explore the Bruner property: Newmont conducted an extensive exploration program which included geologic mapping, soil and rock chip sampling, geophysical surveying, and drilling, as described in detail below and presented by Noland (2010). The geology across the entire property was mapped at 1 inch equals 500 feet. A separate alteration overlay map was prepared which confirmed that gold anomalies detected in the soil survey correspond to areas of pervasive potassic alteration.

- Geophysics: A helicopter-borne magnetic survey was made of the district (Noland 2010). Later, detailed ground-magnetic surveys were done in areas of specific interest. The results of the survey showed major north and northwest structural trends were distinguishable in a contoured plot of the total field data. The mineralized north-trending structural zone that hosts the Penelas and HRA deposits is readily identifiable as a linear magnetic low. Several other and similar magnetic linear features were also found on the property. A ground radiometric survey was also completed that emphasizes the relationship between areas of potassic alteration and gold mineralization.

- Geochemistry: A grid soil survey was completed on 100 foot centers and 400 foot line-spacing across the heart of the Bruner property. Results show a 2,000' by 800', northwest-trending gold anomaly with values greater than 100 ppb. This anomaly occurs over the Duluth mine and extends northward to the Paymaster Mine area and southeastwards towards the Penelas mine area. Maps showing Au in rock and soil samples and analytical results for Ag, As, Sb and Hg were presented in Noland (2010).

- Underground mapping and sampling: The 1,600 feet of workings in both levels of the Duluth mine were mapped and sampled by Newmont in 1989. One hundred sixty four chip samples, one to ten feet in length, were taken along the back, perpendicular to the structural grain. Of these samples 85 returned assays greater than 0.010 Au oz/ton, and 24 samples returned assays greater than 0.050 Au oz/ton. Duluth geology and sample maps are presented in Noland (2010). Mapping and sampling was completed in the Penelas mine, but due to poor ground conditions, only a small portion of the first and second level workings near the shaft were accessible. On the first two levels production was along a north-trending structure dipping70^{o} to the east. The Paymaster Mine was mapped, and the areas around the stopes were sampled. The predominant rock type encountered in the mine is latite, and some of the volcaniclastic sediments at the base of the latite tuff section are found in the central part of the workings. Paymaster geology and sample maps are included in Noland (2010).

Many of the completed drill holes intersected zones of low-grade gold mineralization with occasional short intervals of 0.1 to 1 Au oz/ton in silicified breccia zones in rhyolite.

All surface and drill hole sample preparation and analytical work was completed by Newmont at their in-house laboratory in Elko, Nevada, and is believed to have been done to industry standards prevalent at the time.

A size fraction analysis and sampling tree study of four types of mineralization encountered in the 1989 drilling program detected a significant particulate gold content associated with samples containing quartz-adularia veining. The study suggested that acceptable accuracy and reproducibility could be achieved through larger initial sample size for crushing and grinding of the pulp to 80% minus 200 mesh.

Figure 9.1 below is a compilation map showing relevant Newmont radiometric survey data, contoured soil geochemical data, and drill hole locations that serve to highlight the primary exploration target areas on the Bruner property.

Newmont relinquished the property to Miramar Mining Corporation in 1991.

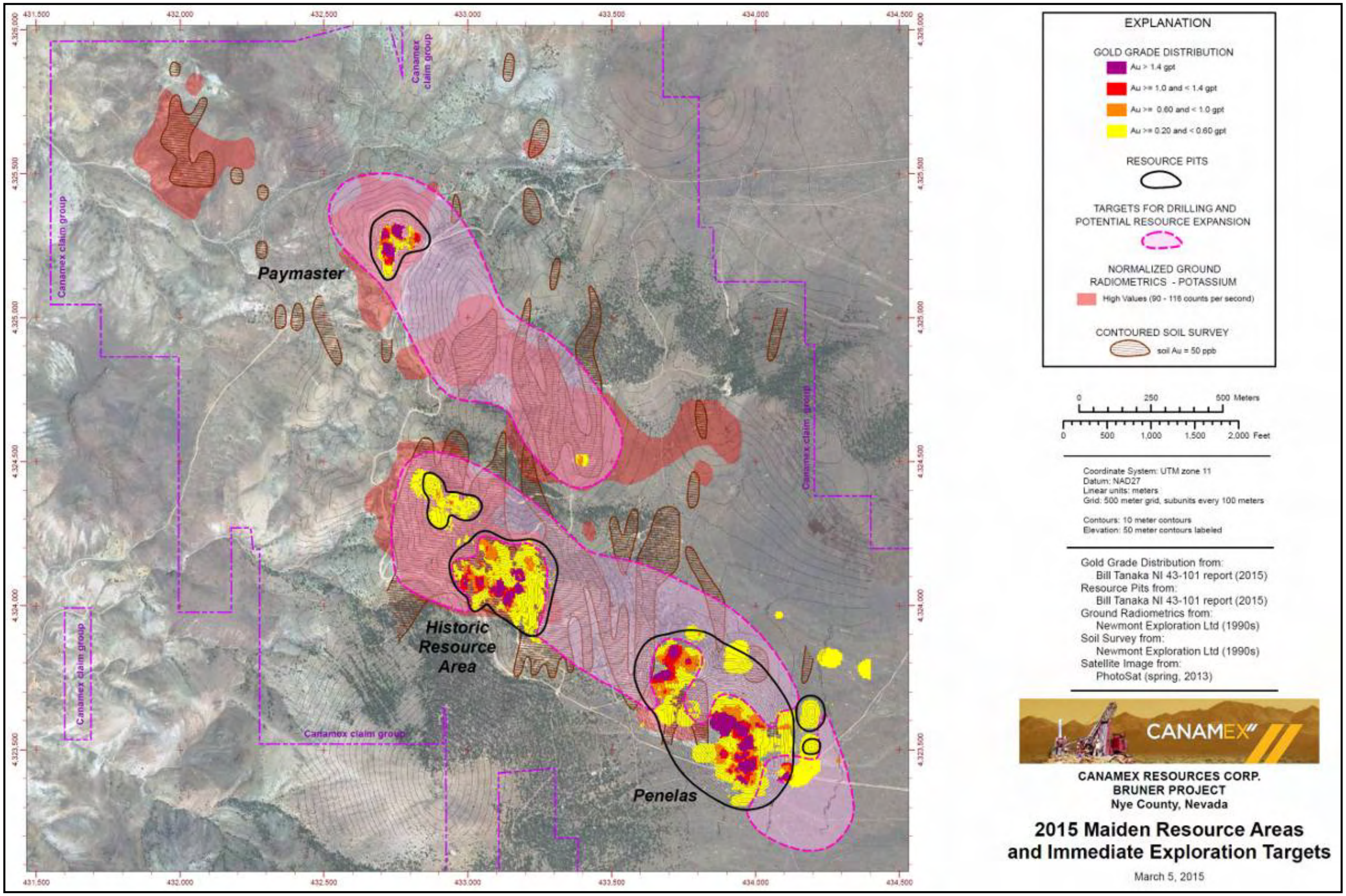
In 1991 Miramar commissioned an independent resource estimate by John Schilling.

In 1994, Miramar retained consulting geologist Don White to review the results of exploration activities and to propose additional work if warranted. Don White reviewed the nature of mineralization at Bruner and compared it to the host geology for the gold deposit at the Denton Rawhide mine located 30 miles to the west, and recommended a reconnaissance sampling program which extended well beyond the previously explored area on the Bruner property. The results of that program are not relevant to this report. In 1995 Michael Dennis, a Reno-based consultant, undertook a compilation of all of the data generated to date on the project and generated the following:

- Revised cross sections with all drill holes included;
- Consolidation of all geochemical data onto a topographic base map;
- An accurate topographic base map for the project;
- Conversion of drill hole locations based on the Newmont 20,000N/20,000E local grid to UTM coordinates (there is still considerable variation in stated coordinates and actual drill hole locations in the field).

In 1998, Miramar retained Nevada Gold Exploration Inc. to review the existing project data, further digitize existing data and to seek high grade targets on the project, (Tullar, 1999).

Figure 9.1: Bruner Gold Project Primary Exploration Target Areas



In July of 2002, American International Ventures, Inc. (AIVN) purchased the property from Miramar. Miramar was closing down its Reno operation and a tremendous amount of project data was discarded. AIVN did obtain most of the basic geology maps and assay data for the project, but none of the chip trays or core survived.

In 2004, AIVN conducted a six-hole core drilling program under the supervision of Ken Brook to test some of Newmont's high-grade intercepts in the Duluth area. This was only the second core drilling program for the property, and it provided a detailed look at some of the high-grade mineralized features, such as veins and fracture coatings, which would be hard to detect in RC cuttings.

The holes were drilled on the road above the Duluth workings and defined the complexity of the host lithologies encountered, including a sequence of Miocene rhyolitic volcanic rocks comprising welded tuffs, agglomerates, flows/domes, intrusive breccias and hydrothermal breccias. All of the rocks showed moderate to intense clay alteration, moderate to heavy iron-oxide staining and local silicification around veins and intrusive breccias. The rocks were strongly fractured, and younger faults usually had abundant tan clay gouge. Mineralized fractures were coated with manganese oxide, drusy quartz crystals mixed with adularia and often showed up to three generations of quartz crystals. This is the first detailed description of the nature of gold mineralization at the property.

Unfortunately the core from AIVN's drilling program was discarded and is no longer available for inspection and re-evaluation.

Patriot Gold Corporation entered into an option on the unpatented claims portion of the property in 2004 and completed ground magnetic geophysical surveys and CSMAT surveys on the eastern portion of the property, which guided their drilling campaign. The drilling results suggest the anomalies detected were reflecting argillic alteration which we now know lies peripheral to the silica + adularia alteration that accompanies gold-silver mineralization on the property.

Ken Brook (2004) reviewed all of the available data on previous activity and compiled a list of the exploration work done and an estimate of its cost. Brook estimated that total exploration and development expenditures prior to AIVN to be $2,700,000. AIVN spent an estimated $125,000 on the project. After AIVN, Patriot Gold spent a total of approximately $500,000 at the Bruner property. Most of this expenditure was for drilling. Total historic expenditures at Bruner now exceed $3.3 million.

9.2 Canamex Exploration

Canamex did limited surface exploration prior to commencing its own drilling program on the property in 2011, relying heavily upon the comprehensive work completed by Newmont Exploration Limited, described above.

After discovery of significant gold intercepts in the Penelas East area in 2012, which was not completely covered by Newmont's surface exploration work, Canamex commissioned Magee Geophysics and International Geophysical Services LLC to complete a detailed ground magnetic and VLF-EM EM surveys respectively over the new Penelas East discovery area to assess the ability to detect controls on mineralization intersected in drilling with these two geophysical methods.

Ground magnetics re-processed by International Geophysical Services LLC was useful in distinguishing andesitic from rhyolitic host rocks, including a significant basaltic-andesite dike which cuts across the rhyolite, but was not useful in identifying the location of gold-bearing drill hole intercepts (**Figure 9.2**). Surface contamination from old metal trash around old mine workings potentially masks the possible signature from bedrock sources in the Penelas Mine area.

Processed data from VLF-EM surveying, particularly color-contoured current density data in plan view, appears to very closely identify the location of gold-bearing drill hole intercepts, and is anticipated to be a very useful exploration guide going forward (**Figure 9.3**).

Figure 9.2: Color Coded Ground Magnetics Contours

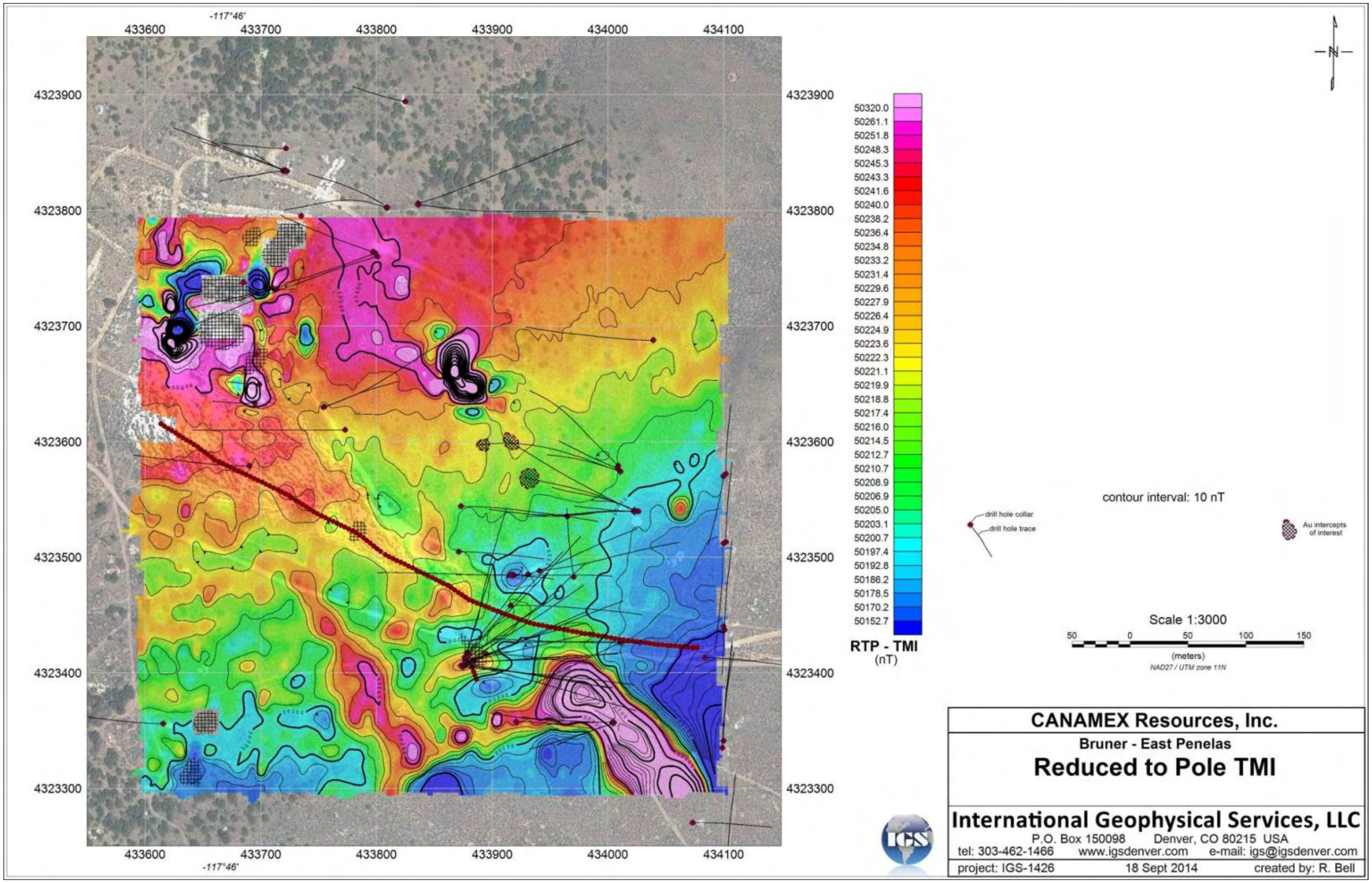
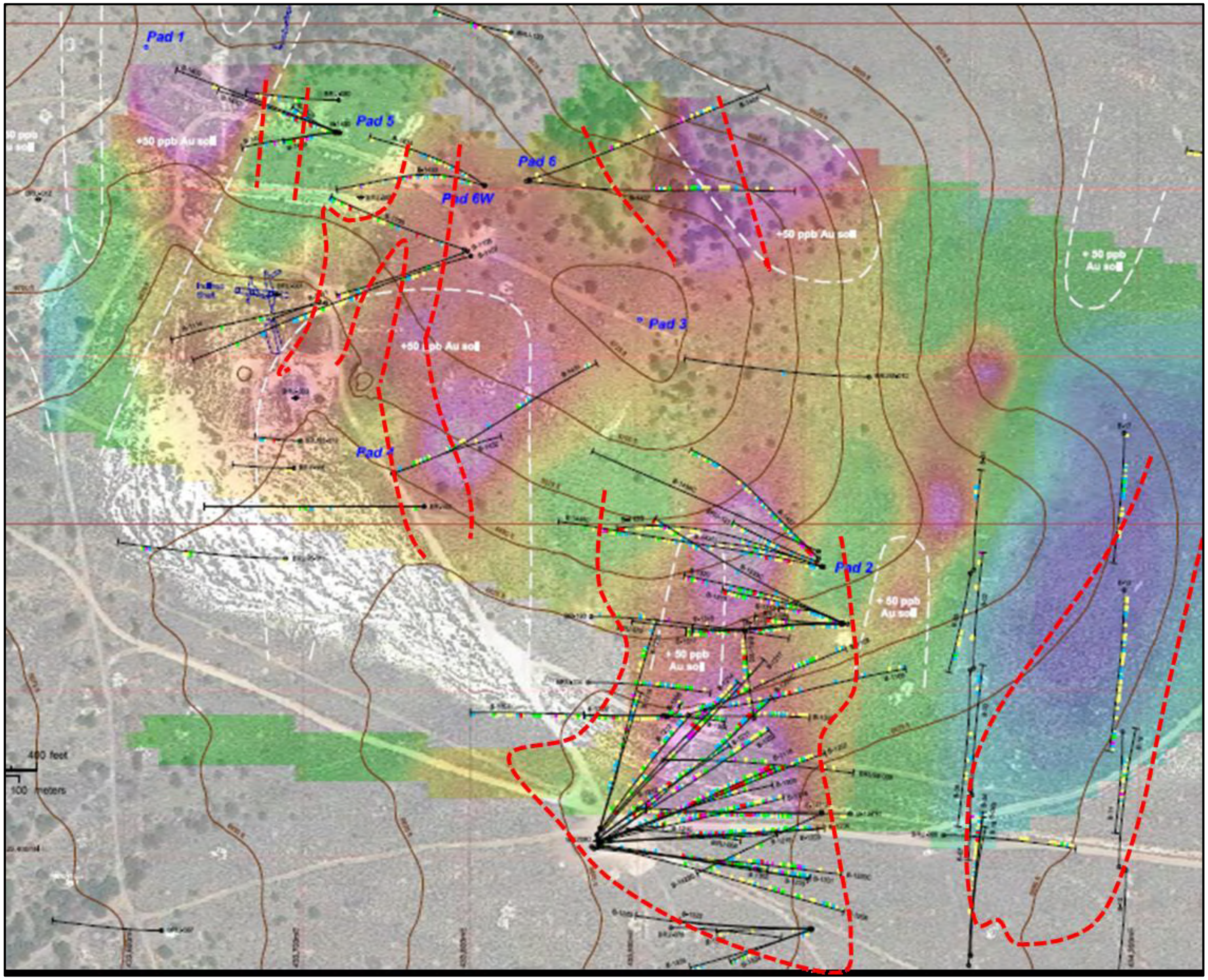


Figure 9.3: Color Coded VLF-EM Survey Data



10.0 DRILLING

The description of Drilling has been modified from Tanaka (2015).

10.1 Historical Drilling

Modern exploration of the Bruner property commenced in the late 1970s when the underlying land owner brought in Morrison Knudsen on a contract basis in 1979. They did no surface exploration prior to drilling nine core holes, eight of which were vertical. Five of the core holes were “not analyzed”. Two of the core holes reported intercepts greater than 0.01 oz/ton Au.

Kennecott Corporation did limited exploration work on the property in 1983 and drilled 15 reverse-circulation holes totaling 6,630 feet/460 meters. Kennecott was negotiating to acquire the property while they were conducting the drill program. When negotiations broke down, they abandoned the property and no further information was passed on to the underlying owner.

In 1987, Inspiration Gold, Inc. and Callahan Mining Corp. entered into a joint venture to explore the western portion of the property (Bruno prospect) and conducted limited geologic mapping at a scale of 1 in. = 200 ft., limited surface sampling (83 rock chip & 10 soil) and eleven reverse-circulation drill holes totaling 2,960 feet/902 meters.

Miramar entered into a lease in 1988 and purchased the property from the underlying owner in 1991. They entered into a series of joint ventures with other companies as listed below for the exploration and development of the property.

Glamis Gold Exploration drilled 29 air-track blast holes totaling 1,733 feet/528 meters. Eighteen holes PM-l to 18 were on Paymaster hill, and eleven holes, Jul-1 to 11 were over the July and Duluth workings. The holes were vertical and averaged less than 70 feet deep each. Nearly vertical, mineralized, shear zones up to 70 feet wide were encountered which contained narrow, high-grade, 0.1 to 0.2 Au oz/ton, brecciated zones within the wider zones of 0.01 Au oz/ton, but the individual drill hole assays were never located (Noland 2010).

In 1988, Newmont Exploration Limited signed an agreement with Miramar to explore the Bruner property: Newmont conducted an extensive exploration program which included geologic mapping, soil and rock chip sampling, geophysical surveying, and drilling, as described in detail below.

- Assay Kennecott Drill Holes: Newmont re-assayed and re-logged all the available cuttings left on site by Kennecott from their 15-hole drill program in 1983. Assay results were very similar to those obtained by Kennecott. Newmont re-numbered the holes as BRU #1 - BRU #15.

- Drilling: In 1989, Newmont drilled 13 reverse-circulation holes on the property, BRU16 - 28 totaling 7,245 feet/2,208 meters. Most of these holes were drilled on patented claims and targeted the extensions of the north-trending structures in the Duluth mine area. The 1990 drill program comprised 61 holes totaling 28,698 feet/8,747 meters.

Many of the completed drill holes intersected zones of low-grade gold mineralization with occasional short intervals of 0.1 to 1 Au oz/ton in silicified breccia zones in rhyolite.

All drill hole sample preparation and analytical work was completed by Newmont at their in-house laboratory in Elko, Nevada, and is believed to have been done to industry standards prevalent at the time.

Newmont relinquished the property to Miramar Mining Corporation in 1991.

In 1992, Miramar drilled 17 RC holes totaling 3,595 feet to comply with assessment work requirements for the claims, but did not assay the samples.

Viceroy Precious Metals Inc. and subsidiary Olympic Mining Company entered into a joint venture agreement with Miramar in November, 1992. They became interested in the property because of its volcanic host rock and other similarities to their Castle Mountain mine south of Las Vegas. Their 1993 exploration program included property-wide reconnaissance and assaying of the drill samples from Miramar's 1992 drilling program.

The Viceroy-Miramar 1992 phase one drilling program consisted of 15 RC drill holes totaling 6,220 feet/1,896 meters. Thirteen RC holes, totaling 4,970 feet/1,515 meters, were drilled in a phase-two program on the pediment area east of the Bruner property. Viceroy withdrew from the joint venture after the 1993 field season.

In 2004, AIVN conducted a six-hole core drilling program under the supervision of Ken Brook to test some of Newmont's high-grade intercepts in the Duluth area. This was only the second core drilling program for the property, and it provided a detailed look at some of the high-grade mineralized features, such as veins and fracture coatings, which would be hard to detect in RC cuttings. The holes were drilled on the road above the Duluth workings and defined the complexity of the host lithologies encountered, including a sequence of Miocene rhyolitic volcanic rocks comprising welded tuffs, agglomerates, flows/domes, intrusive breccias and hydrothermal breccias. All of the rocks showed moderate to intense clay alteration, moderate to heavy iron-oxide staining and local silicification around veins and intrusive breccias. The rocks were strongly fractured, and younger faults usually had abundant tan clay gouge. Mineralized fractures were coated with manganese oxide and drusy quartz crystals mixed with adularia and often showed up to three generations of quartz crystals. This is the first detailed description of the nature of gold mineralization at the property.

Unfortunately the core from AIVN's drilling program was discarded and is no longer available for inspection and re-evaluation.

Patriot Gold Corporation entered into an option on the unpatented claims portion of the property in 2004 drilled a total of 21 RC holes totaling 10,645 feet/3,245 meters between 2005 and 2009. All of these holes were drilled in the pediment in the southeast quadrant of the property. Until recently, this was the only ground controlled by Patriot.

The following **Table 10.1** summarizes the historic drilling completed prior to Canamex's presence on the Bruner property and the data available from those drilling campaigns with which Company geologists can work.

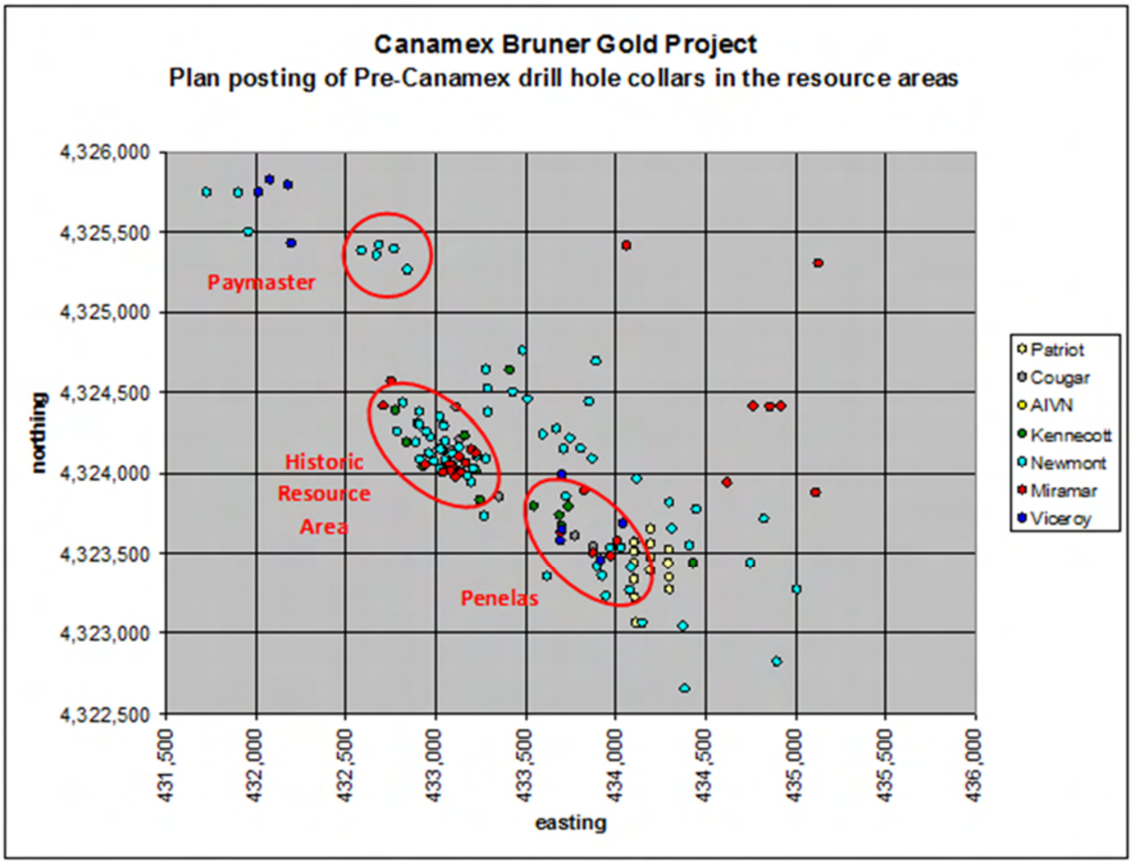
Table 10.1: List of All Pre-Canamex Drill Holes for which Data Exists
(Tanaka, 2015)

Bruner Project
Historic Drill Hole Summary

Company	No. of Holes	Total Feet	Total Meters	Assay Data	Geology Logs	Cuttings/ Core
Morrison-Knutsen	9	1,509	460	no	no	no
Kennecott	15	6,630	2,021	yes	yes	no
Inspiration Gold	11	2,960	902	no	no	no
Glamis Gold	29	1,733	528	no	no	no
Newmont Exploration	74	35,943	10,955	yes	yes	no
Miramar Mining	32	10,215	3,114	yes	yes	no
Viceroy Gold	17	9,020	2,749	yes	yes	no
AIVN	6	770	235	yes	yes	no
Cougar Gold	9	6,963	2,122	yes	yes	skeletal
Patriot Gold	21	10,645	3,245	yes	yes	yes
Total	**223**	**86,388**	**26,331**			

The drill hole collar locations in the table above for which data exist are shown below in **Figure 10.1** below.

Figure 10.1: Map of Pre-Canamex Drill Holes for which Data Exists
(Tanaka, 2015)



10.2 Canamex Exploration Drilling

Canamex entered into an option agreement on the property with Patriot Gold in 2010 and drilled 11 RC holes totaling 5,000 feet/1,524 meters late in 2010 as an initial obligation under the option agreement. These holes were drilled in the historic resource area to confirm the gold intercepts encountered in historic drilling in the area predominantly by Newmont.

In 2011 Canamex drilled 13 RC holes totaling 8010 feet/2,441 meters. Holes were drilled across the property, in order to evaluate the potential for resources outside of the historic resource area. Three holes were drilled south of the Paymaster hill, two holes were drilled outside of the historic resource area, five holes were drilled in the old Penelas Mine area, and three holes were drilled to the east of the Penelas Mine area. Most of the holes drilled in the historic resource area and the old Penelas mine area were terminated prematurely when they encountered voids or timber in old underground workings. The three holes drilled to the east of the Penelas mine area encountered significant gold and silver mineralization that warranted additional drilling.

Drilling in 2012 consisted of 17 RC holes totaling 13,400 feet/4,084 meters and two core holes totaling 1,306 feet/398 meters, all drilled about 1,000 feet/300 meters southeast of the old Penelas mine workings and where significant gold intercepts were encountered in the last hole in the 2011 drilling program. Hole B-1201, the first hole in 2012, intersected 360 feet (110 meters) grading 0.119 opt Au (4.08 gm/tonne), and the remainder of the 2012 drill holes focused on drilling around this intercept in B-1201. The geology in the vicinity of hole B-1201 is mostly covered by 30-50 feet (10-15 meters) of alluvium, and the geology and geometry of the mineralized zone cannot be gleaned by surface mapping or sampling, requiring close-spaced drilling to ascertain the orientation of the significant gold intercepts encountered in 2012.

Further drilling of the new discovery area at Penelas East continued in 2013, when 39 RC holes totaling 23,590 feet/7,190 meters and 3 core holes totaling 2,380 feet/725 meters were drilled between January and November. Of the total, seven RC holes were drilled at the north end of the Bruner vein target with disappointing results, although sufficient gold was encountered with increasing depth to indicate further drilling is warranted to chase this vein system to greater depths. Of the 35 holes drilled at the Penelas East discovery area, all but 5 holes intersected significant gold intercepts that help define the gold mineral system there. The 5 holes that failed to intersect significant gold intervals were drilled south of all other holes completed to date, encountered intense clay alteration which is generally indicative of being outside of the precious metal and proximal alteration of silica + adularia, and may be located on the opposite side of a fault that terminates or truncates the gold-silver mineral system at the Penelas East discovery area.

The last hole of 2013 was drilled in the historic resource area to test a concept that high-grade gold was ponded beneath prominent silica + adularia spires that were mapped in detail during the summer of 2013. Hole B-1340 intersected 190 feet (57.9 meters) grading 0.155 opt Au (5.2 gm/tonne Au) beginning immediately beneath the two prominent alteration spires and confirmed that high-grade gold is associated with these alteration spires, most of which have not been drilled to date.

The 2014 drilling program was designed to follow up on the success of hole B-1340 at the historic resource area reported above, and to continue drilling of the open northern extension of the Penelas East discovery area. A total of 51 RC holes were drilled totaling 24,610 feet/7,501 meters and 13 core holes totaling 7,257feet/2,212 meters were completed in 2014.

Ten (10) RC holes totaling 2,870 feet/875 meters were drilled at the Paymaster area where previous sampling of old underground workings, currently inaccessible, indicated the presence of high-grade gold associated with the intersection of steeply dipping structures a generally flat lying volcaniclastic sediments immediately overlying a basement of unaltered andesite flows. These holes were very successful and additional drilling at the Paymaster area was subsequently conducted in 2015.

Twelve (12) RC holes totaling 7,785 feet/2,373 meters were drilled to test VLF-EM current density anomalies detected north and northwest of the Penelas East discovery area. Sufficient gold was intersected in these holes to suggest the VLF-EM method may be seeing mineralized structures and thus deserve further drilling to assess this apparent correlation further.

Three (3) RC holes totaling 1,935 feet/590 meters and 2 core holes totaling 1,865 feet/568 meters were drilled at the northern open extension of the Penelas East discovery area to test deep high-grade intercepts encountered there in 2013. All of these holes intersected significant gold intercepts both near the surface and at depth to warrant additional drilling of the open northern extension to the Penelas East discovery area.

The majority of the drilling in 2014 was concentrated in the historic resource area in order to provide sufficient modern geologic and controlled assay data for this area to be able to prepare this report. A total of 27 RC holes totaling 12,456 feet/3,797 meters and 10 core holes totaling 4,956 feet/1,510 meters were completed in the historic resource area. The data from these holes flesh out the core mineralized zone of the historic resource area and provide the detailed understanding of the host geology and the distribution of grade to be able to properly model the deposit and the entire assay set.

The 2015 drilling program was designed to follow up on the success of the 2014 drilling at the Paymaster area and to assess the potential for a northern extension of the Paymaster resource. A possible northern extension was inferred from the excellent drill results that concluded the fall drilling program in 2014, which remained open to the north, northerly trending structures and breccias mapped on the surface and portrayed in underground geologic maps of the area, and from VLF-EM geophysics. Two fences of holes were drilled north of the resource area to test the possibility of a northern extension.

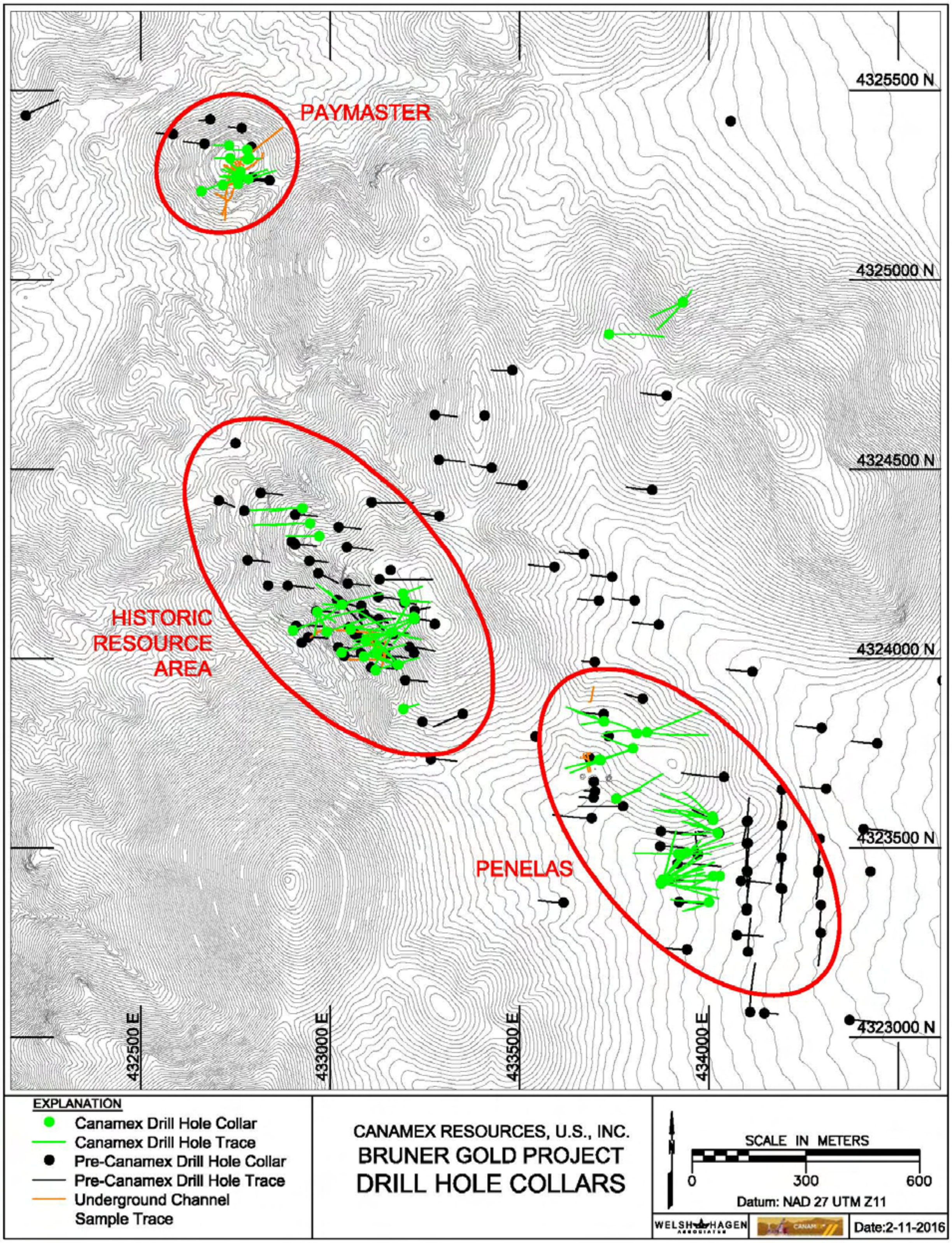
A total of 11 RC holes were drilled totaling 2,645 feet/806 meters were completed in the Paymaster area 2015. The assay results indicate that two thin low-grade “layers” of mineralization appear to be present north of the resource area, but that the thickness and grade are likely insufficient to add significantly to the resource present at Paymaster.

Table 10.2: List of Canamex’s Exploration Drilling at the Bruner Gold Project to Date.

YEAR	NO. OF HOLES	TOTAL FEET	TOTAL METERS	CORE FEET	CORE METERS	RC FEET	RC METERS
2010	11	5,000	1,524	0	0	5,000	1,524
2011	13	8,010	2,441	0	0	8,010	2,441
2012	19	14,706	4,482	1,306	398	13,400	4,084
2013	42	25,970	7,916	2,380	725	23,590	7,190
2014	64	31,867	9,713	7,257	2,212	24,610	7,501
2015	11	2,645	806	0	0	2,645	806
Totals	**160**	**88,198**	**26,883**	**10,943**	**3,335**	**77,255**	**23,547**

The collar locations and traces of all drill holes in the vicinity of the resource model areas are shown in **Figure 10.2**; the Canamex drilling collars are depicted in green.

Figure 10.2: Bruner Drill Hole Collar Locations



10.3 Sampling Method and Approach

The sampling done prior to Canamex involvement was completed largely by geologic employees of large, professional international mining/exploration companies: Kennecott, Newmont Exploration and Miramar. The QP is prepared to assume that professional sampling techniques were used. No reports or data detailing the sampling methods, analyses, quality control measures or security procedures used in earlier drill campaigns were available to the QP for review and verification during the time of preparing this report.

Canamex drilling represents approximately 50% of the total meters drilled contained in the database. Given the focus of Canamex' drilling program on the three identified zones, Canamex data represents a much higher proportion of the data used to inform the estimates. The distribution of data used in the resource estimate is presented in **Table 10.3** below.

Table 10.3: Distribution of Drill Hole and Underground Sample Data in the Resource Estimates

(modified from Tanaka, 2015)

Canamex Bruner Gold Project						
Proportions of Canamex drilling in the resource estimates						
Source of DH Data	**HRA Zone**		**Penelas Zone**		**Paymaster Zone**	
	# of 5m comps.	% of total	# of 5m comps.	% of total	# of 5m comps.	% of total
Total	865		1550		161	
Canamex	567	65.5%	1230	79.40%	90	55.9%
Canamex w/ QA/QC	407	47.10%	484	31.20%	76	47.2%
Kennecott	38	4.40%	25	1.60%	0	0%
Newmont	168	19.40%	74	4.80%	21	13.0%
Miramar	45	5.20%	71	4.60%	0	0%
UG Sampling	13	1.50%	11	0.70%	49	30.4%
Other	34	3.90%	139	9%	1	0.6%

Drilling from 2010-2015 was completed primarily by Harris Exploration Drilling and AK Drilling, Inc., the drill contractors, which operated on a one 10-hour shift basis. The holes were surveyed by means of a gyroscopic survey instrument. Drill collars were located in the field with a Garmin GPS and a marker was placed in the approximate collar location prior to reclamation of the drill sites. All field phases of the program were conducted under the supervision of Canamex's Chief Geologist.

11.0 SAMPLE PREPARATION, ANALYSIS AND SECURITY

The description of Sample Preparation, Analysis and Security has been modified from Tanaka (2015).

Sample preparation and analyses completed for most of the historic drilling were done by large, professional international mining companies including Newmont, Kennecott and Miramar. The QP assumes that professional sampling and assaying techniques were employed.

Since Canamex began drilling at Bruner in 2011, drill sampling methods, sample preparation and analytical procedures, and security of samples and chain of custody have been executed to current industry standards.

11.1 Sampling Methods at the Drill Rig

11.1.1 Reverse Circulation Drilling

Reverse circulation drilling is performed by injecting a small volume of water with compressed air down the annulus of a dual-tube drill rod setup, to eliminate dust and threats to human health at the drill rig and provide enough water to circulate the cuttings up the center tube of the dual-tubed rods. Returned cuttings are delivered to a rotary splitter where a 1/8th split is taken out the discharge of the rotary splitter. The sample interval is a uniform 5 feet. For duplicate sampling a "Y" fitting is attached to the discharge of the splitter and a second 1/8th split sample is taken from both discharge orifices of the "Y" every hundred feet, or more often as desired or recommended by the nature of the material encountered in drilling.

The samples are stored at the drill site to dry (generally within 24 hours), and picked up at the drill site by an independent contractor who delivers the samples directly to ALS Minerals' sample preparation facility in Sparks, NV. ALS Minerals is independent of Canamex and holds ISO/IEC 17025:2005 Certification for testing laboratories.

11.1.2 Core Drilling

Core is collected in split tube inner tubes and carefully transferred to waxed cardboard core boxes. The core is examined by the site geologist while still in the split tube to get a sense for the in-place structural complexity, and then logged at the drill site for general geology and structural information, and marked for sawing and sampling by the site geologist. The sample interval is a uniform 5 feet, except where marked changes in lithology, alteration or mineralization are observed. Once the core has been logged and marked for sampling it is stored in a locked trailer facility from where it is retrieved by an independent contractor and delivered directly to ALS Minerals' sample preparation facility in Sparks, NV.

The core is photographed by ALS Minerals staff and photographs are geo-rectified and loading into CoreViewer software before it is sawn for sampling and analyses. Once the core has been photographed, it is sawn by ALS Minerals staff, following the sawing instructions provided by the site geologist, and one half of the sawn core is sampled in accordance with the sampling intervals provided by the site geologist. The sample splits are delivered to the sample preparation room at ALS Minerals.

11.2 Sample Preparation and Analytical Procedures

Both reverse circulation samples and core samples are first dried in an oven to eliminate residual moisture in the samples. Once dried, all drill samples are prepared by crushing the entire sample to 70% passing 2mm size, splitting out 250 grams of sample and pulverizing this split to 85% passing -75 microns in size. From the 250 gram pulp 30 grams is split out for fusion and fire assay with an AA finish.

If results return 3 g/tonne Au or greater, ALS Minerals laboratory performs a 30 gram fire assay with a gravimetric finish from the same pulp. In addition, a second sample is prepared by crushing the entire coarse reject sample down to 90% passing 10 mesh and proceeding to a rotary split of 1 kg that is pulverized to 85% passing 200 mesh. From the 1 kilogram pulp 30 grams is split out for a second fire assay with gravimetric finish.

If results from the two separate fire assay/gravimetric determinations above indicate significant discrepancies between results, a metallic screen analysis is performed on a third split from the coarse reject, where the sample is screened at -150 mesh and the gold content of the oversize and undersize fractions are determined separately from a 30-gram split and fire assay with gravimetric finish to assess the degree to which coarse gold may be present and influencing the analytical variance encountered.

Duplicate samples are submitted every one hundred feet (every 20 samples). Commercial standards are submitted every two hundred feet (every 40 samples) and blanks are submitted every 200 feet (every 40 samples). In addition ALS Minerals laboratory insert an independent selection of standards for internal quality control.

The Qualified Person considers the sample preparation, analyses and security appropriate for the recent drilling commissioned by Canamex.

The Qualified Person cannot evaluate the sample preparation, analyses and security procedures for the pre-Canamex drilling, however given the prominence of the companies involved, is prepared to accept the assay values produced with some limitations.

12.0 DATA VERIFICATION

The Bruner database was provided to WHA by Canamex in electronic form that included drill hole collar coordinates, drill hole alignment, down-hole interval, and gold and silver assay data. Original assay certificates from all Canamex drilling were provided in the form of write-protected assay certificates and electronic spreadsheets provided by the assay laboratory.

The electronic database consists of data from 334 drill holes and 264 channel samples for a total of 51,323 available assay values. The Canamex drilling component of the database consists of 140 RC drill holes and 20 core holes and the pre-Canamex drilling data consists of 174 drill holes.

Data verification of drill hole data up to the 2014 drilling program has been accomplished in the previous technical report entitled *Technical Report and Resource Estimate for the Bruner Gold Project, Nye County, Nevada*, dated February 27, 2015, prepared by William F. Tanaka (Tanaka, 2015). At the effective date of the Tanaka (2015) report there had been a total of 149 drill holes in the drill hole database. Subsequent to the effective date of the Tanaka (2015) report Canamex has completed 11 additional RC drill holes in the Paymaster area. No additional drilling has been completed in the HRA or the Penelas areas. Because the vast majority of drill hole data has been verified in the Tanaka (2015) technical report, the main focus of the data verification measures employed in this PEA has been validation of the previous data verification program. Additionally, the WHA QP conducted a thorough data verification program focused on new drilling data received subsequent to the effective date of the Tanaka (2015) report.

12.1 Data Verification Program (2013-2014 Drilling)

The content in the following section was excerpted from the Tanaka Technical Report (Tanaka, 2015). Select content was deleted from excerpted text in order to condense the information for the purpose of this report. Comments and material edits to the text made by WHA are indicated by the use of brackets [ ]. Standardizations have been made to conform to the style and nomenclature of this document.

The data verification program contained in the Tanaka (2015) report represented the first attempt to produce a National Instrument 43-101 compliant resource estimate for the deposits of the Bruner Gold Project and consisted of verification of data available up to February 27, 2015, the effective date of that report. The effort represented the first time the drill hole database had been rigorously checked for errors.

The WHA QP has thoroughly reviewed the data verification procedures documented in the Tanaka (2015) report and is confident the verification procedures employed were done to industry standards. The WHA QP has done background work and validation of the results documented in Tanaka (2015) report and takes responsibility for the data verification results reported herein.

The reader is directed to the 2015 Technical Report (Tanaka, 2015) for details on the topic.

12.1.1 Independent Checks of the Database Values against Assay Certificates

No errors were found in the course of checking the database against the original write-protected assay certificates. Most of the issues found in the database are not errors per se but rather conditions that might lead to errors in data manipulation, analysis and grade-tonnage estimation. The following is a summary description of the checks made on, and corrections or adjustments made to the drill hole database. A detailed list was provided to Canamex.

A total of 1,929 assay values for gold and 1,813 assay values for silver in the database were compared against the original protected PDF assay certificates and electronic spreadsheets submitted by ALS. No errors were found in the course of checking the database against the original assay certificates. These totals represent 6.2% and 5.8% of the total number of assays for gold and silver in the data base respectively and 11.3% and 10.6% of the number of assays for gold and silver in the Canamex drilling.

Of the original assay values checked against certificates, the focus was on values material to any resource estimate, either higher-grade intervals or very low grade intervals in proximity to higher-grade intervals. The average grade of gold samples verified was 0.69gpt gold. The average grade of silver samples checked was 8.7gpt silver.

No errors were found in this examination for either gold or silver.

This represents an error rate of 0.0% in gold assays and an error rate of 0.0% in silver assays.

12.1.1.1 QA/QC Protocols

Pre-2013 QA/QC programs

Documentation compliant with current NI 43-101 guidelines for sampling; sample handling and preparation; and sample QA/QC documentation for the pre-2013 drilling was not provided and is considered unlikely to exist.

2013-2014 QA/QC programs

Canamex instituted a QA/QC program in June of 2013 including insertion of certified standards; insertion of blanks; and duplicate sampling of RC drill hole samples by splitting at the drill rig. A total of 106 drill holes comprising [17,628m / 57,837ft] were completed in 2013 and 2014. The drill hole samples for 2013 and 2014 were processed by ALS Reno 4977 Energy way, Reno, NV, USA, and by ALS Vancouver at 2103 Dollarton Hwy, North Vancouver, BC, Canada, depending on the analysis required.

ALS conducted an internal program of internal prep duplicate, pulp duplicate, blank and standard analyses as well. The results of the prep duplicate program and standards analyses were also analyzed to supplement the Canamex program which did not include a program of specific sample prep duplicates or any reference standards for silver.

As part of the QA/QC analysis conducted by Tanaka (2015) the following was accomplished:

- Field duplicates representing separate splits collected at the drill rig submitted for gold, and silver were compared for consistency with the original submitted samples.
- Blind insertions of blank materials submitted for gold and silver were inventoried to determine the performance of the lab in minimizing sample contamination.
- Blind insertions of three commercial standard reference materials representing high-, mid- and low-grade mineralized material were compared to expected gold values

determined by round robin laboratory analyses. No blind standard insertions were made for silver.

- Prep duplicates representing the generation of a second pulp from the original samples that were analyzed for both gold and silver by ALS for their internal monitoring purposes were compared to the original samples.

- Standard samples representing four different commercial standards that were analyzed for gold and silver by ALS for internal monitoring purposes were compared to expected gold values determined by round robin laboratory analyses.

12.1.1.2 Analysis of Field Duplicates for Gold

Field duplicates representing separate splits taken at the drill rig were available and submitted for gold. The field duplicates were compared against the original assay values and an acceptable degree of correspondence was demonstrated that may be regarded as characteristic of precious metal deposits.

In general the field duplicates present results consistent with epithermal Au-Ag deposits. The correlation between original and duplicates for gold is excellent at 98.4%.

There does not appear to be any grade-based bias in the relationship between original and rerun results.

12.1.1.3 Analysis of Field Duplicates for Silver

Field duplicates representing separate splits taken at the drill rig were available and submitted for silver. The field duplicates were compared against the original assay values and an acceptable degree of correspondence was demonstrated that may be regarded as characteristic of precious metal deposits.

The results for field duplicates of silver are significantly better than for gold, suggesting a greater degree of dissemination of silver mineralization as well as significant silver present in minerals other than electrum. The correlation between original and duplicates for field duplicates is very good at 90%. As with gold, there does not appear to be any grade-based bias in the relationship between original and rerun results. Analysis of Lab Internal Prep Duplicates

12.1.1.4 Analysis of Sample Preparation Duplicates for Gold

Duplicates representing separate pulps prepared from bulk rejects of the original sample submission were analyzed.

The results for the prep duplicates of gold appear to be fair at best. A correlation of only 81% and a HARD performance of only 35% within 80% of samples is not what one expects. Ordinarily one expects the results of prep duplicates to present a measurable improvement over those for the field duplicates, involving as they do one less step. However, in this instance, the grade populations of the samples taken for the prep dupes and the total number of samples involved are very different than for the field duplicates. The average gold grade for the prep duplicates is .165 gpt gold and the maximum is 3.57 gpt gold, while the average and maximum grades for the field duplicates are .34 and 10.0 gpt gold respectively. The total number of prep duplicate samples is 178 vs. a total of 568 for the field duplicates. The Author [Tanaka, 2015] ascribes the apparent poor performance of the prep duplicates to those characteristics and recommends that Canamex augment the prep duplicate program with additional samples, at least equal to the number done by ALS (approximately two per drill hole or one per 250 meters drilled) as part of their internal checks, selected to include a more representative grade distribution.

12.1.1.5 Analysis of Sample Preparation Duplicates for Silver

Field duplicates representing separate pulps prepared from bulk rejects of the original sample submission were analyzed

As with the prep duplicates for gold, the results for prep duplicates of silver represent an apparent decay in performance compared to those of the field duplicates. The Author [Tanaka, 2015] suggests that expansion of the prep duplicate program will adequately address the issue and provide results that are meaningful representations of the quantum of variability that can be expected in preparing second pulps from the original samples submitted.

12.1.1.6 Analysis of Standard Reference Materials

For the 2013-2014 QA/QC programs, Canamex used three commercially prepared references standards prepared by Geostats PTY Ltd. of 10A Marsh Close, O'Connor, Western Australia 6163. Canamex submitted no standards for silver.

In addition to the Canamex blind standard submissions, ALS used a total of thirteen commercial gold standard reference materials of which four had both sufficient frequency of use and range of values to justify analysis and a total of seven commercial silver standards of which four had sufficient frequency of use and range of values sufficient to justify analysis.

Overall the performance of check assays on standard reference materials with respect to: occurrences above or below two standard deviations; and indicated possible bias was very good to excellent, with the notable exception of one standard (G306-3) which showed very erratic results suggestive of a fundamental problem with the standard itself. G306-3 is a high grade gold standard which probably contributes to the erratic behavior.

The erratic results for G306-3 may have occurred due to poor transportation or storage. The Author [Tanaka, 2015] recommends that Canamex geologists exercise care in the storage and submission of this particular standard to ensure that problems of segregation within the material is minimized. Alternatively, Canamex might consider replacing G306-3 with OxN92 which is nearly the same grade and appears to perform better.

12.1.1.7 Analysis of Blanks

In general the blanks submitted returned values consistent with the detection limits stated for the different assay methods used, however there are indications of low-level sporadic contamination.

In the gold analyses a total of 7.78% of the samples returned values above two times the detection threshold and 4.72% returned values greater than three times the detection limit. None of the anomalous samples appear clearly on the basis of assay value (>2gpt gold) to be mislabeled samples, rather they appear to suggest intermittent contamination.

In the silver analyses 3.69% samples returned values above two times the detection with 1.7% being above 3 times the detection limit.

12.1.1.8 Conclusions

The results presented by the field duplicate program, blind and laboratory standards and blind blanks present reasonable confirmation of the reproducibility of assay results with no indication of bias in the analysis of either gold or silver or significant contamination problems at the laboratory.

Of the three duplicate analysis programs possible: field; sample preparation; and pulp, the field duplicates are the most comprehensive and demanding in demonstrating reproducibility of results, and hence of the greatest value. That said, the prep duplicate and pulp duplicate programs permit a fuller understanding of the inherent variability in results at each significant stage in the process.

On the basis that:

- the results presented by the field duplicate program of very high correlation between original and field duplicate assays (> 98% for both gold and silver); half absolute relative differences of 20% within 80% of samples for gold and 9% within 80% of samples for silver; and lack of any indication of grade-based bias;
- the results presented of blind gold standard submissions and blank submissions for both gold and silver indicative of acceptable analytical procedure with few and minor indications of contamination;
- the results of internal laboratory standard submissions for silver;
- the concentration of Canamex drilling within the three zones identified for grade tonnage estimation;
- the significant proportion of non-Canamex and pre-NI 43-101 drilling undertaken by the arguably reputable companies Kennecott, Newmont, and Miramar;

The Author [Tanaka, 2015] concluded that the drill hole database is of a standard acceptable for public reporting of resources according to NI 43-101 guidelines.

The QA/QC program instituted by Canamex Resources and exercised in conjunction with ALS should be considered a work in progress, however the results presented by the field duplicate program, blind and laboratory standards and blanks present reasonable confirmation of the reproducibility of assay results with no indication of bias in the analysis of either gold or silver or significant contamination problems at the laboratory.

12.2 2015 QA/QC Program

The 2015 drilling program consists of data from 11 RC drill holes for a total of 525 assay values for gold and 525 assay values for silver, accounting to 3% of the total assay values from drilling completed by Canamex at the Project. Original assay certificates in the form of electronic spreadsheets issued by ALS have been provided to WHA by Canamex.

Data verification of the 2015 drilling has been accomplished by:

1. Review of all electronic assay certificates from ALS that confirm the presence of gold mineralization and the values in the Canamex electronic assay database.
2. Statistical evaluation of field duplicates, certified standard reference material and blanks submitted for analyses by Canamex.
3. Detailed inspection of all cross-sections to compare drill hole collar elevations to recent digital topography.
4. Visual inspection of alteration, rock types, and structure in outcrops and underground workings at the property.
5. Review of all pertinent historical documents related to the project area.
6. Review of all geologic, geochemical, and underground maps of the property.
7. Review of all available pertinent reports previously prepared pertaining to the property.

12.2.1 Electronic Database Verification

A comprehensive program of data entry and data verification was undertaken by WHA prior to importing the data into the resource model. Original electronic assay certificates were compared line by line to the electronic database provided by Canamex to ensure that the transcription of the data was accurate. No errors were found during the process of database checking representing a 0% error rate for the 2015 Canamex drilling data.

12.2.2 2015 QA/QC programs

Canamex conducted a QA/QC program during the 2015 drilling program including insertion of certified standard reference material, insertion of blanks, and duplicate sampling of RC drill hole samples by splitting at the drill rig. A total of 11 drill holes comprising 806m / 2,645ft were completed in 2015. The drill hole samples for 2015 were processed by ALS Reno 4977 Energy way, Reno, NV, USA, and by ALS Vancouver at 2103 Dollarton Hwy, North Vancouver, BC, Canada, depending on the analysis required.

A summary of the field duplicates, standards and blanks submitted by Canamex during the 2015 drilling program is presented below:

- A total of 20 field duplicates representing separate splits collected at the drill rig were submitted for gold, and a total of 20 field duplicates were submitted for silver.
- A total of 11 blind insertions of three commercial standard reference materials representing high-, mid- and low-grade mineralized material were submitted for gold. No blind standard insertions were made for silver.
- A total of 21 blind insertions of blank materials were submitted for gold and a total of 21 blind insertions were submitted for silver.

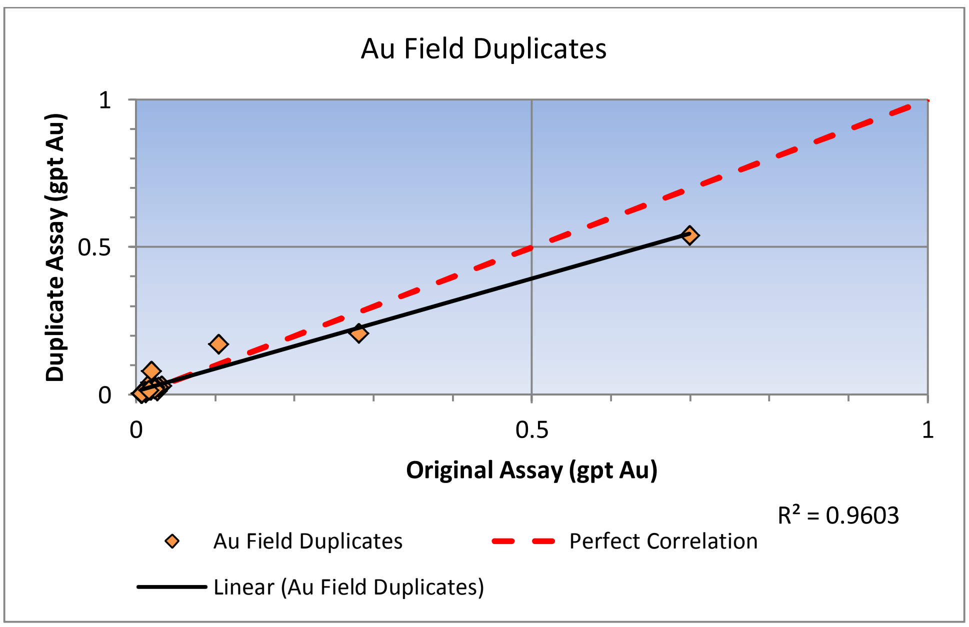
The total submissions for gold duplicates, standards and blanks was 52 or 9.9% of the samples assayed for gold. The total submissions for silver duplicates, and blanks was 52 or 9.9% of the total samples assayed for silver.

12.2.3 Analysis of Field (rig) Duplicates

Field Duplicates for Gold

A total of 20 field duplicates representing separate splits taken at the drill rig were available and submitted for gold. The field duplicates were compared against the original assay values and an acceptable degree of correspondence was demonstrated that may be regarded as characteristic of precious metal deposits. The results of the comparison are presented graphically below in **Figure 12.1** for gold.

Figure 12.1: Field Duplicate Gold Assay Results



Discussion of Field Duplicate Results of Gold:

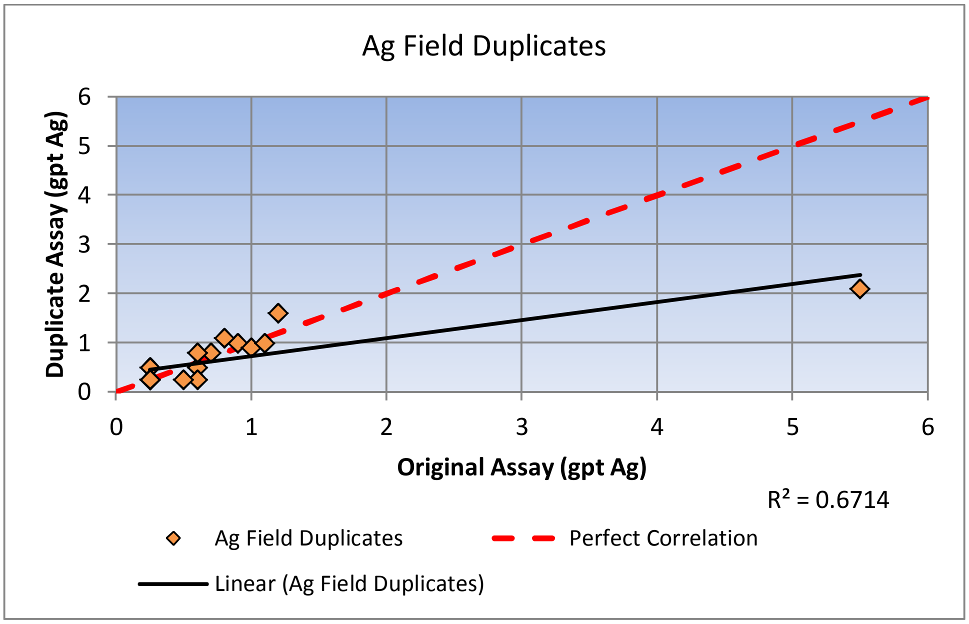
In general the field duplicates present results consistent with epithermal Au-Ag deposits. The correlation between original and duplicates for gold is excellent at 96%.

There does not appear to be any grade-based bias in the relationship between original and rerun results.

Field Duplicates for Silver

A total of 20 field duplicates representing separate splits taken at the drill rig were available and submitted for silver. The field duplicates were compared against the original assay values and an acceptable degree of correspondence was demonstrated that may be regarded as characteristic of precious metal deposits. The results of the comparison are presented graphically below in **Figure 12.2** for silver.

Figure 12.2: Field Duplicate Silver Assay Results



Discussion of Field Duplicate Results of Silver:

In general the field duplicates present results consistent with epithermal Au-Ag deposits. The correlation between original and duplicates for silver is relatively poor at 67%. This may be due to the small number of samples and the influence of the highest grade sample that had an original assay grade of 5.5gpt and a duplicate sample grade of 2.1gpt. Removal of said sample from the analysis would result in a correlation of 77%.

12.2.3.1 Standard Reference Material Analyses

WHA has reviewed the analyses of a total of 11 gold standard reference material pulps that were inserted into the sample stream by Canamex during the time of drilling. For the 2015

QA/QC programs, Canamex used three commercially prepared references standards prepared by Geostats PTY Ltd. of 10A Marsh Close, O'Connor, Western Australia 6163. The accepted values and standard deviations for these standards are:

- (G912-8) - 0.53 gpt gold, std. dev. = 0.02 ppm gold;
- (G907-4) - 3.84 gpt gold, std. dev. = 0.33 ppm gold; and
- (G306-3) - 8.66 gpt gold, std. dev. = 0.175 ppm gold.

Canamex submitted no standards for silver.

Figures 12.3 through **12.5** represent the results of the 2015 Canamex standard reference material analyses.

Figure 12.3: Gold Standard Reference Results (0.53gpt Au)

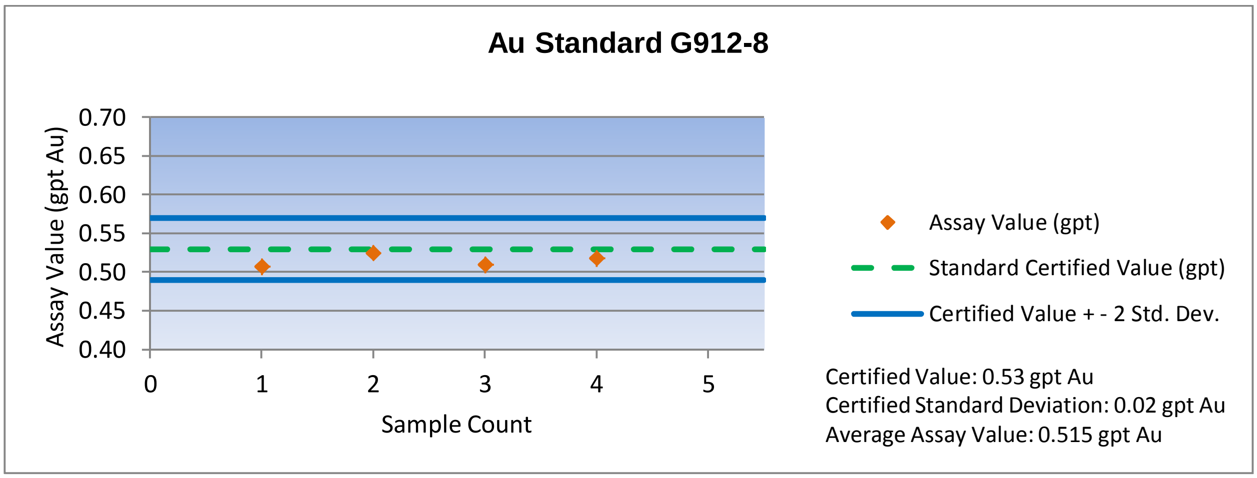


Figure 12.4: Gold Standard Reference Results (3.84gpt Au)

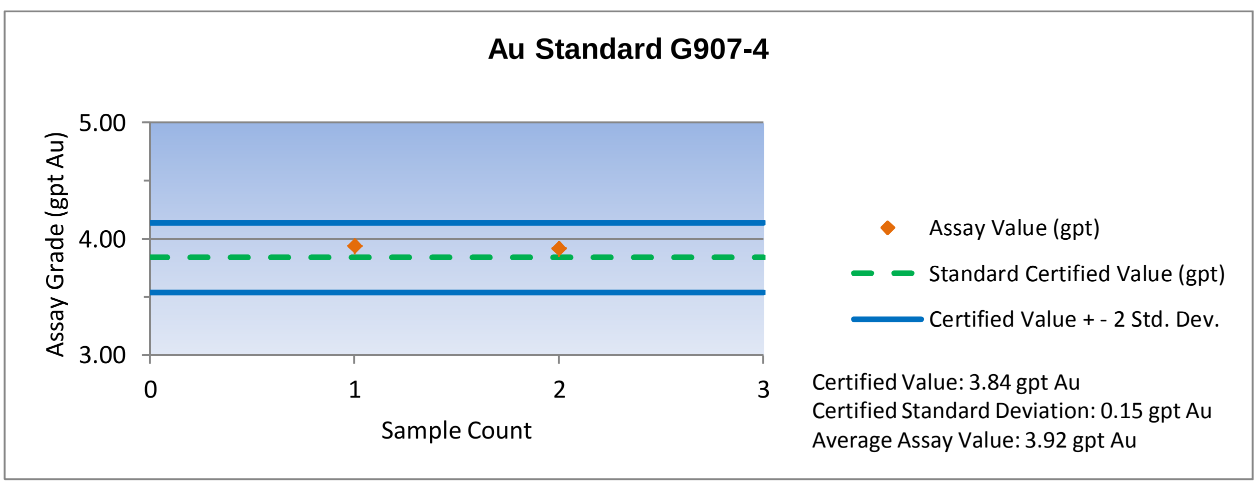
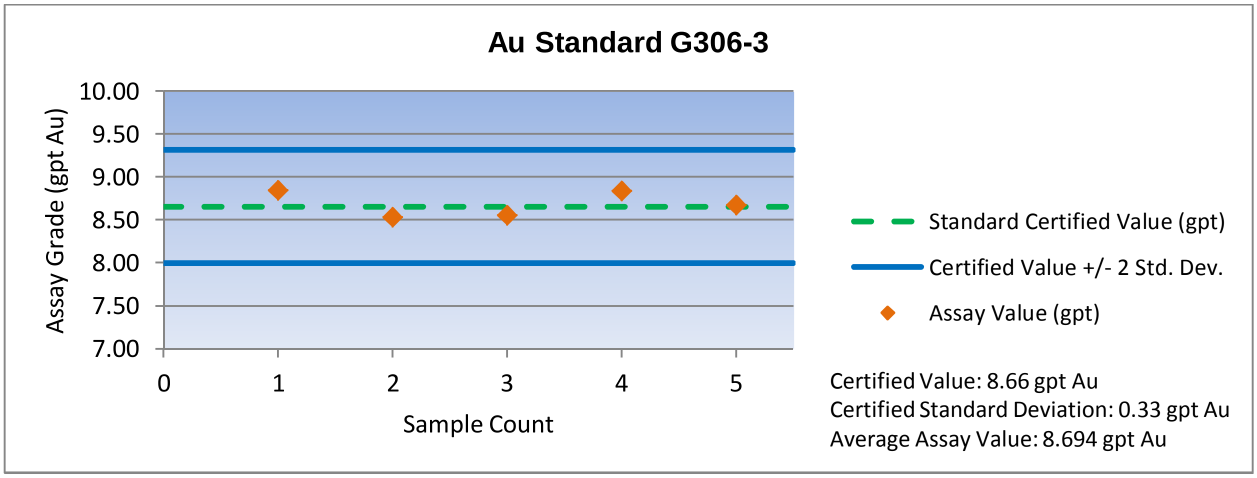


Figure 12.5: Gold Standard Reference Results (8.66gpt Au)



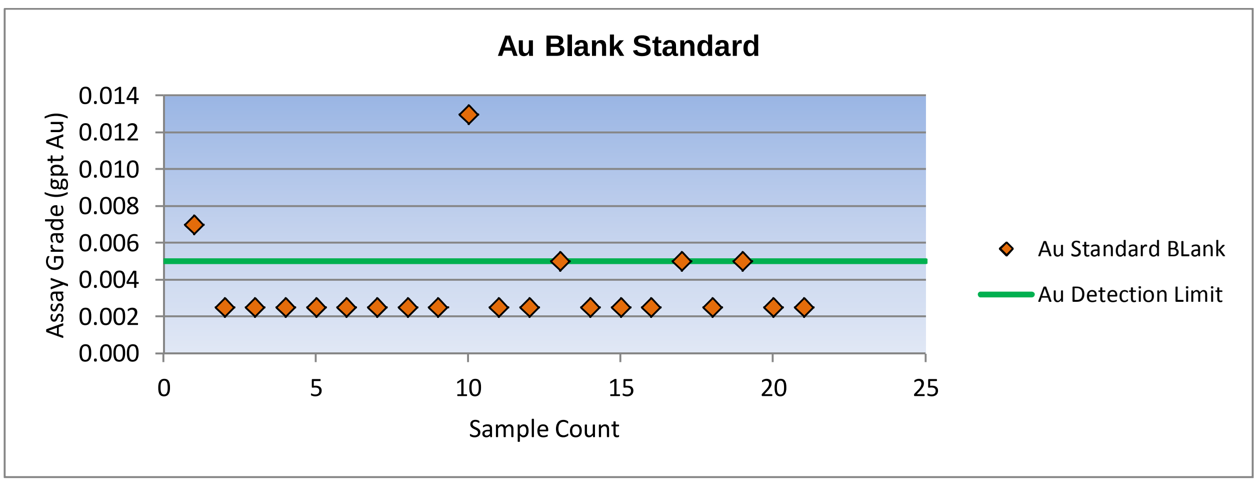
Discussion of Standards performance

The performance of assay analyses of standard reference materials with respect to: occurrences above or below two standard deviations; and indicated possible bias was excellent. Review of the standard analyses indicates that 100% of all standards are within 2 standard deviations of the certified standard value.

12.2.3.2 Analyses of Gold Blank Standards

WHA has reviewed the analyses of a total of 21 blank standards (commercially prepared pulps) that were inserted into the sample stream by Canamex during the time of drilling. **Figure 12.6** shows the results of the Canamex gold blank sample assay analyses.

Figure 12.6: Gold Blank Standard Results



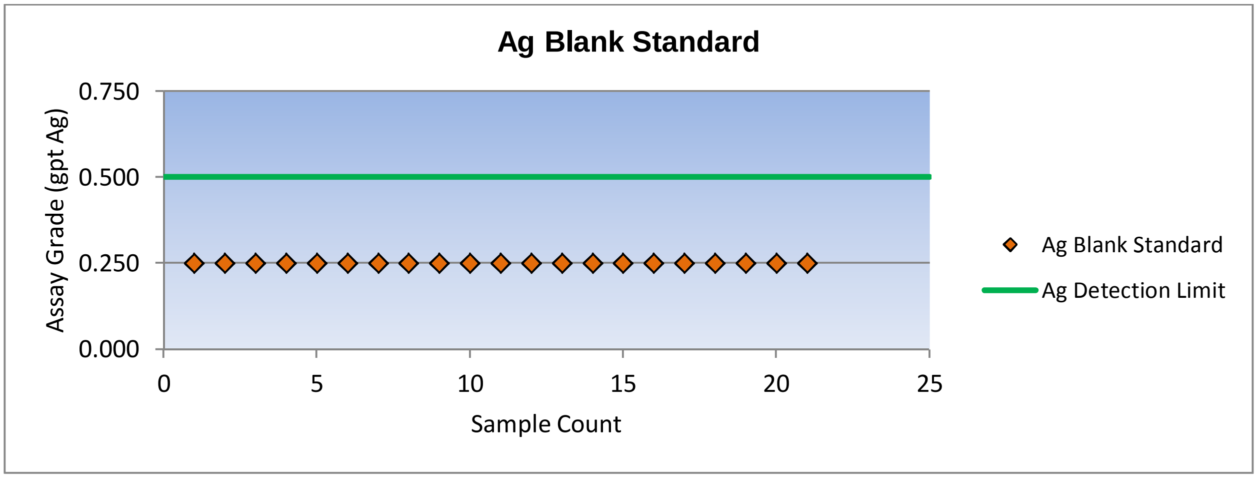
Discussion of Blank Standard Results for Gold

A total of 1 sample returned an assay greater than two times the detection limit for gold (4.7%) and 95.3% returned assay values of less than the detection limit, which is within industry blank standard tolerances.

12.2.3.3 Analyses of Silver Blank Standards

Figure 12.7 shows the results of the Canamex silver blank sample assay analyses.

Figure 12.7: Silver Blank Standard Results



Discussion of Blank Standard Results for Silver

All blank standard samples submitted for silver assay analysis returned values of less than the labs detection limit.

12.2.4 2015 QA/QC Conclusions

The 2015 drilling program consists of data from 11 RC drill holes for a total of 525 assay values for gold and 525 assay values for silver, accounting to 3% of the total assay values from drilling completed by Canamex and a total of 1.7% of the total assay values in the Bruner database.

The results presented by the field duplicate program, blind standards and blind blanks present reasonable confirmation of the reproducibility of assay results with no indication of bias in the analysis of either gold or silver or significant contamination problems at the laboratory.

The results show the field duplicate program to have very high correlation (> 96%) between original and field duplicate assays for gold. The correlation between original and field duplicate results for silver are relatively poor at 67%. The presence of one poor correlation outlier and the paucity of sample submissions render the overall silver correlation relatively inconclusive.

The results presented of blind gold standard submissions and blank submissions for both gold and silver indicate an acceptable analytical procedure with few and minor indications of contamination.

12.3 Statement of Data Adequacy

The WHA QP has thoroughly reviewed the data verification procedures documented in the Tanaka (2015) report and is confident the verification procedures employed were done to industry standards. The WHA QP has done background work and validation of the results documented in Tanaka (2015) report and takes responsibility for the data verification results reported herein. It is therefore the WHA QP's conclusion that the pre-2015 drill hole database is of a standard acceptable and suitable for public reporting of resources according to NI 43-101 guidelines.

The WHA QP concludes that the 2015 drill hole database is of a standard acceptable and suitable for addition to the Bruner drill hole assay database and suitable for public reporting of resources according to NI 43-101 guidelines.

13.0 MINERAL PROCESSING AND METALLURGICAL TESTING

Canamex collected and submitted a total of five samples from different locations for preliminary metallurgical testing. Two were bulk samples for small diameter column testing and three were samples composed of drill hole sample intervals from both RC and core drilling for bottle roll testing. The following section summarizes the test programs and their results.

The term "ore" has been used in previous metallurgical investigations and reports that are referenced in this Report section. The term "ore" generally implies that sufficient technical feasibility and economic viability studies have been completed to classify the material as mineral reserve. A Qualified Person has not done sufficient work to classify the mineral resource at the Bruner Gold Project as current mineral reserve and the issuer is not treating the mineral resource as mineral reserve. The term "ore" is used to maintain the integrity of the previous metallurgical investigations quoted in this report.

The reader is reminded that the PEA is based on the Project resource model which consists of material in Indicated and Inferred classifications. Inferred mineral resources are considered too speculative geologically to have technical and economic considerations applied to them. The current basis of project information is not sufficient to convert the mineral resources to Mineral Reserves, and mineral resources that are not mineral reserves do not have demonstrated economic viability.

13.1 Description of sampling and test work done

13.1.1 First metallurgical tests

Approximately 1-tonne of sample was collected by Canamex on 02 April 2012. Thirty (30) large sample bags were filled from channel samples within the July (upper) adit at the HRA and were transported to the laboratory facility of Kappes, Cassiday & Associates (KCA) in Reno, Nevada from the Bruner Property. All of this material is oxidized and was comprised of samples that were minus 10-inch rock material.

Representative rock samples were taken from 25 of the 30 bags. The rocks were characterized, photographed, and then submitted to Phillips Enterprises, LLC in Golden, CO for comminution tests. Phillips reported that the crusher work index value was 20.18 kW per tonne with an abrasion index of 0.269.

The remaining material was blended and crushed to a 3-inch nominal size (denoted "original crush" by KCA), and then combined into a single bulk sample. Two (2) samples were split from this bulk sample and used make both an original crush 3-inch crushed sample and a 0.75-inch crushed sample. The average head assay for each sample was 0.0519 opt Au and 0.583 opt Ag for the "original crush" sample, and 0.0338 opt Au and 0.422 opt Ag for the 0.75-inch crushed sample.

These samples were used for preliminary metallurgical testing: bottle roll tests, gravity separation tests and column leaching tests. Both of the crushed ore samples yielded similar recoveries in the 83-day column tests. The 3-inch crush size sample was leached to an 89% gold recovery, and the 0.75-inch crushed material yielded an 87% gold recovery. The silver recoveries in the ores were 9% and 7% for the 3-inch and 0.75-inch crushed material, respectively. Cyanide consumption was reported to be 1.24 lbs/short ton for the 3-inch crushed tests, and 1.23 lbs/short ton for the 0.75-inch crushed material respectively.

13.1.2 Second metallurgical tests

In February 2013, Canamex submitted twenty one (21) bags of previously composited, crushed and assayed RC coarse reject material from the Penelas deposit to the laboratory facility of Kappes, Cassiday & Associates (KCA) in Reno, Nevada. The samples were used in bottle roll testing to determine the cyanide soluble gold and silver. The samples were selected with the intent of having varying grades and varying depths from two (2) different alteration types, silicified and argillized, from two (2) different drill holes. The average head grade of the drill hole composite was 0.092 opt Au and 0.18 opt Ag (the drill hole grade in all of the individual depths ranged from 0.010 opt Au to 0.554 opt Au and from 0.02 to 0.753 opt Ag). All samples were reported as being oxide in nature.

The bottle roll tests used 1 kg of pulverized samples mixed with 1.5-liters of cyanide solution (the NaCN concentration was maintained at 1 g/L throughout the leaching test. Each test ran for 96 hours total with solution sampling in increasing time increments. The solutions were tested for Au and Ag concentration, and NaCN content. The gold extraction for the 21 experiments was 97% (the extractions varied from 88% >99%. Silver extraction ranged from 66% to 92% with an average extraction of 79% for the 21 tests. The cyanide consumption was measured by the amount of NaCN required to maintain the 1 g/L concentration. The calculated cyanide consumption ranged from the lowest value of 0.05 lbs/short ton to 0.39 lbs per short ton. KCA reported no difference in metallurgical recoveries or property between the two ore types (silicified and argillized).

The KCA report concluded that the material was quite amenable to cyanide leaching and the grade, rock type, depth or location did not affect the leachability.

13.1.3 Third metallurgical tests

On 04 December 2013, the laboratory facility of Kappes, Cassiday & Associates (KCA) in Reno, Nevada received thirty-six (36) large rice bags that contained bulk material collected from channel samples from within the Duluth (lower) adit within the HRA at the Bruner Project. The bulk material represented a single channel cut across the entire mineralized zone exposed in the adit. The sample material was combined and utilized for metallurgical test work. The purpose of this program was to expand on the column leach test work done previously and to assess heap leach attributes and extractions at or near an estimated cut-off grade for open pit development.

The material was crushed and combined into a single bulk sample. The sample was split into two (2) fractions to be used to make two crush sizes: 3-inch and 0.75 inch. The 3-inch material had a head assay of 0.0138 opt Au and 0.126 opt Ag; the 0.75-inch material was reported to contain 0.015 opt Au and 0.110 opt Ag. These samples were loaded into columns and subjected to cyanide solution leaching at a rate of 0.004-5 gallons per minute per ft2 (the industry standard) for 83 days. The solutions were passed through activated carbon to collect the precious metals. The carbon analysis was used to determine the net recovery over time, while a final assay of the leached material was used to calculate the cumulative recovery.

The 83-day column test work determined that 72% of the gold was recovered from the 3-inch crush-size sample, and 81% from the 0.75-inch crush-size sample. The 3-inch material had silver recoveries of 8%, and 20% from the 0.75 inch crush-size sample. Cyanide consumption for the 3-inch material was 0.84 lbs/short ton and 1.34 lbs/short ton for the 0.75-inch material. KCA noted that there is often variability in recoveries in samples with relatively low metal content. This ore (at less than 0.02 opt Au) qualifies for possible discrepancies.

13.1.4 Fourth metallurgical test

On 12 December 2013, the laboratory facility of Kappes, Cassiday & Associates (KCA) in Reno, Nevada received twenty-nine (29) small cloth bags of sample material from the Bruner Project. The smaller bags were in two larger bags, and were composited RC drill cuttings composited from drill hole B-1340 from the HRA deposit and crushed core from drill hole B-1341C from the Penelas deposit. All of the material contained was a nominal size of 10 mesh Tyler. The bagged samples were composite samples that came from 20-ft depths of the holes. Each sample was individually assayed and used for bottle roll leach tests to determine the cyanide soluble Au and Ag contained.

As with the February 2013 tests, one (1) kg of the solid was mixed with 1.5-L of cyanide solution for 96 hours. Solution sampling for assays of Au, Ag and NaCN were taken in increasing time increments, and NaCN was added to maintain a 1-g/L concentration throughout the test. The head assays for the material from hole B-1340 varied from 0.011 to 0.571 opt Au and 0.053 to 0.677 opt Ag. The net gold extraction uses calculated heads from the test results, which KCA reported ranged from 0.001 opt Au to 0.5671 opt Au and 0.003 opt Ag to 0.665 opt Ag. The reported gold extraction averaged approximately 95% for both the HRA deposit and the Penelas deposit. The reported gold extractions ranged between 93- >99% for the HRA samples, and between 76-99% from samples for the Penelas deposit. Silver extractions varied from 15 to 81% for the HRA samples and between 23-85% for the Penelas samples—the net average silver recovery was 53% for both ores. The cyanide consumption varied between 0.01 to 0.39 lbs NaCN per short ton.

13.1.5 Fifth Test

In 2014, the laboratory facility of Kappes, Cassiday & Associates (KCA) in Reno, Nevada received drill cuttings from the 2014 RC drill campaign on the Paymaster resource. The drilling samples were composited into mostly 2-ft (6.1-m) length intervals, and had head grades ranging from 0.005 to 1.040 opt gold. The average grade of the 20 samples was 0.1011 opt Au and 0.297 opt Ag. Average extractions from a 96-hour bottle roll experiments on -200 mesh material were 95.1% for gold and 41.2% for silver. These results were similar to the cyanide leach test results from the HRA and Penelas tests. The reagent consumption averaged 0.08 pounds cyanide per ton and 2.75 pounds lime per ton, which are comparable to the HRA and Penelas test results.

13.2 Discussion of metallurgical test results

In summary, the five (5) series of tests were conducted to give preliminary metallurgical recovery information on the mineralized material from the HRA, Penelas and Paymaster deposits on the Bruner Project. All of the test results were very positive, indicating a reasonable and predictable gold and silver recovery for all of the mineralized material on the property. All of the leaching results showed that each of the deposits had reasonable gold recoveries (> 85%) for coarse (3-inch nominal) and for medium crushed (0.75-inch nominal) ores, as confirmed by the column studies performed by KCA on coarse and medium crushed ores. The ores showed similar recovery profiles whether the ore was crushed to 3-inch or 0.75-inch maximum size. It could be concluded that a 3-inch size for the ore would be sufficient for a heap leach process.

Bottle roll experiments were conducted to show the cyanide soluble gold and silver in the ores. All three deposits were shown to have similar gold recovery (88->99%) and similar silver recovery (65-92%). This would indicate that all of the ores have similar leachability.

Based on the similarity of leaching results for all of the ores, it has been suggested that a "run-of-mine" heap could be operated at the site with some success. The similarity of results for coarse and medium crushed ores would suggest that an "as-mined" ore could achieve a 70-

75% recovery over an 83-day leach cycle. Further testing of coarse run-of-mine material would be suggested by the author to further verify this approximation.

The author suggests further testing of even coarser samples. For example, column studies using 6-inch rock (as could be achieved by a primary crusher) and "run-of-mine" rock to determine a more complete rock-size to recovery profile for the mineralized material at Bruner.

14.0 MINERAL RESOURCE ESTIMATES

14.1 CIM Mineral Resource Definitions

The following definitions were adopted by the CIM council on May 10, 2014. The Mineral Resource and Mineral Reserve definitions were incorporated, by reference, from National Instrument 43-101 – Standards of Disclosure for Mineral Projects (NI 43-101).

Mineral Resource

Mineral Resources are sub-divided, in order of increasing geological confidence, into Inferred, Indicated and Measured categories. An Inferred Mineral Resource has a lower level of confidence than that applied to an Indicated Mineral Resource. An Indicated Mineral Resource has a higher level of confidence than an Inferred Mineral Resource but has a lower level of confidence than a Measured Mineral Resource.

A Mineral Resource is a concentration or occurrence of solid material of economic interest in or on the Earth's crust in such form, grade or quality and quantity that there are reasonable prospects for eventual economic extraction.

The location, quantity, grade or quality, continuity and other geological characteristics of a Mineral Resource are known, estimated or interpreted from specific geological evidence and knowledge, including sampling.

Material of economic interest refers to diamonds, natural solid inorganic material, or natural solid fossilized organic material including base and precious metals, coal, and industrial minerals.

The term Mineral Resource covers mineralization and natural material of intrinsic economic interest which has been identified and estimated through exploration and sampling and within which Mineral Reserves may subsequently be defined by the consideration and application of Modifying Factors. The phrase 'reasonable prospects for eventual economic extraction' implies a judgment by the Qualified Person in respect of the technical and economic factors likely to influence the prospect of economic extraction. The Qualified Person should consider and clearly state the basis for determining that the material has reasonable prospects for eventual economic extraction. Assumptions should include estimates of cutoff grade and geological continuity at the selected cut-off, metallurgical recovery, smelter payments, commodity price or product value, mining and processing method and mining, processing and general and administrative costs. The Qualified Person should state if the assessment is based on any direct evidence and testing.

Interpretation of the word 'eventual' in this context may vary depending on the commodity or mineral involved. For example, for some coal, iron, potash deposits and other bulk minerals or commodities, it may be reasonable to envisage 'eventual economic extraction' as covering time periods in excess of 50 years. However, for many gold deposits, application of the concept would normally be restricted to perhaps 10 to 15 years, and frequently to much shorter periods of time.

Inferred Mineral Resource

An Inferred Mineral Resource is that part of a Mineral Resource for which quantity and grade or quality are estimated on the basis of limited geological evidence and sampling. Geological evidence is sufficient to imply but not verify geological and grade or quality continuity.

An Inferred Mineral Resource has a lower level of confidence than that applying to an Indicated Mineral Resource and must not be converted to a Mineral Reserve. It is reasonably expected that the majority of Inferred Mineral Resources could be upgraded to Indicated Mineral Resources with continued exploration.

An Inferred Mineral Resource is based on limited information and sampling gathered through appropriate sampling techniques from locations such as outcrops, trenches, pits, workings and drill holes. Inferred Mineral Resources must not be included in the economic analysis, production schedules, or estimated mine life in publicly disclosed Pre-Feasibility or Feasibility Studies, or in the Life of Mine plans and cash flow models of developed mines. Inferred Mineral Resources can only be used in economic studies as provided under NI 43-101.

There may be circumstances, where appropriate sampling, testing, and other measurements are sufficient to demonstrate data integrity, geological and grade/quality continuity of a Measured or Indicated Mineral Resource, however, quality assurance and quality control, or other information may not meet all industry norms for the disclosure of an Indicated or Measured Mineral Resource. Under these circumstances, it may be reasonable for the Qualified Person to report an Inferred Mineral Resource if the Qualified Person has taken steps to verify the information meets the requirements of an Inferred Mineral Resource.

Indicated Mineral Resource

An Indicated Mineral Resource is that part of a Mineral Resource for which quantity, grade or quality, densities, shape and physical characteristics are estimated with sufficient confidence to allow the application of Modifying Factors in sufficient detail to support mine planning and evaluation of the economic viability of the deposit.

Geological evidence is derived from adequately detailed and reliable exploration, sampling and testing and is sufficient to assume geological and grade or quality continuity between points of observation.

An Indicated Mineral Resource has a lower level of confidence than that applying to a Measured Mineral Resource and may only be converted to a Probable Mineral Reserve.

Mineralization may be classified as an Indicated Mineral Resource by the Qualified Person when the nature, quality, quantity and distribution of data are such as to allow confident interpretation of the geological framework and to reasonably assume the continuity of mineralization. The Qualified Person must recognize the importance of the Indicated Mineral

Resource category to the advancement of the feasibility of the project. An Indicated Mineral Resource estimate is of sufficient quality to support a Pre-Feasibility Study which can serve as the basis for major development decisions.

Measured Mineral Resource

A Measured Mineral Resource is that part of a Mineral Resource for which quantity, grade or quality, densities, shape, and physical characteristics are estimated with confidence sufficient to allow the application of Modifying Factors to support detailed mine planning and final evaluation of the economic viability of the deposit.

Geological evidence is derived from detailed and reliable exploration, sampling and testing and is sufficient to confirm geological and grade or quality continuity between points of observation.

A Measured Mineral Resource has a higher level of confidence than that applying to either an Indicated Mineral Resource or an Inferred Mineral Resource. It may be converted to a Proven Mineral Reserve or to a Probable Mineral Reserve.

Mineralization or other natural material of economic interest may be classified as a Measured Mineral Resource by the Qualified Person when the nature, quality, quantity and distribution of data are such that the tonnage and grade or quality of the mineralization can be estimated to within close limits and that variation from the estimate would not significantly affect potential economic viability of the deposit. This category requires a high level of confidence in, and understanding of, the geology and controls of the mineral deposit.

Modifying Factors

Modifying Factors are considerations used to convert Mineral Resources to Mineral Reserves. These include, but are not restricted to, mining, processing, metallurgical, infrastructure, economic, marketing, legal, environmental, social and governmental factors.

There are no Measured Mineral Resources defined at the Bruner property.

The Bruner Gold Project mineral resources are reported at cutoff grades that are reasonable for similar deposits in the region. They are based on metallurgical recovery tests, anticipated mining and processing methods, operating and general administrative costs, while also considering economic conditions. These are in accordance with the regulatory requirement that a resource exists "in such form, grade or quality and quantity that there are reasonable prospects for eventual economic extraction."

The PEA is preliminary in nature, and there is no certainty that the results set forth in the PEA will be realized. The mineral resource estimate included in this report includes inferred mineral resources which are too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves. Mineral resources that are not mineral reserves do not have demonstrated economic viability.

14.2 Introduction

Mineral resource estimates have been previously calculated for the Paymaster, HRA, and Penelas zones. These estimates have been reported in the previous technical report entitled *Technical Report and Resource Estimate for the Bruner Gold Project, Nye County, Nevada*, dated February 27, 2015, prepared by William F. Tanaka (Tanaka, 2015), which is publically available at www.sedar.com. The reader should refer to this document for the full details of these estimates.

Since that date, additional drilling has been performed at the Paymaster zone. At the request of Canamex, WHA used the prior resource models generated by Tanaka for the HRA and Penelas zones. These models were reviewed by WHA geologist Doug Willis and mineral modeler Randy Martin. WHA believes these models are adequate for a PEA level analysis.

Since there is new drilling at the Paymaster zone, a new resource model was created for Paymaster which includes the new drilling information. For consistency, the new Paymaster resource was calculated using the same modelling methods that were incorporated by Tanaka.

A Summary Table of Mineral Resource by area is presented in **Table 14.1**. The Mineral Resource estimate uses a cutoff grade of 0.192 gpt Au, which is the breakeven cutoff. The HRA and Penelas Resource values are based on conceptual designed pits.

14.3 HRA and Penelas Verification

Copies of the HRA, Penelas, and Paymaster zone grade models were obtained from William F. Tanaka (Tanaka). The models came in the form of various excel files. The models were imported into three separate MicroMODEL projects. Three dimensional block models of gold, silver, slope of regression gold, slope of regression silver, resource class, gold indicator, and silver indicator were provided. In addition, two dimensional gridded models of surface topo and the $1350/oz Au price shell topo were provided in a single excel spreadsheet for all three zones. Drill hole assay interval data was provided in a single excel file.

14.3.1 HRA Check Section @350N

A check plot was created for the HRA section designated SW-NE Section @350N. This section displays 3-D block model gold equivalent grades, drill hole 5 meter downhole composite gold gpt, and the profile of the $1350/oz Au shell. The plots are very similar but not an exact match, due to small round-off errors introduced when transferring the block data, and slight differences in the display software. **Figure 14.1** shows the results of the HRA check plot.

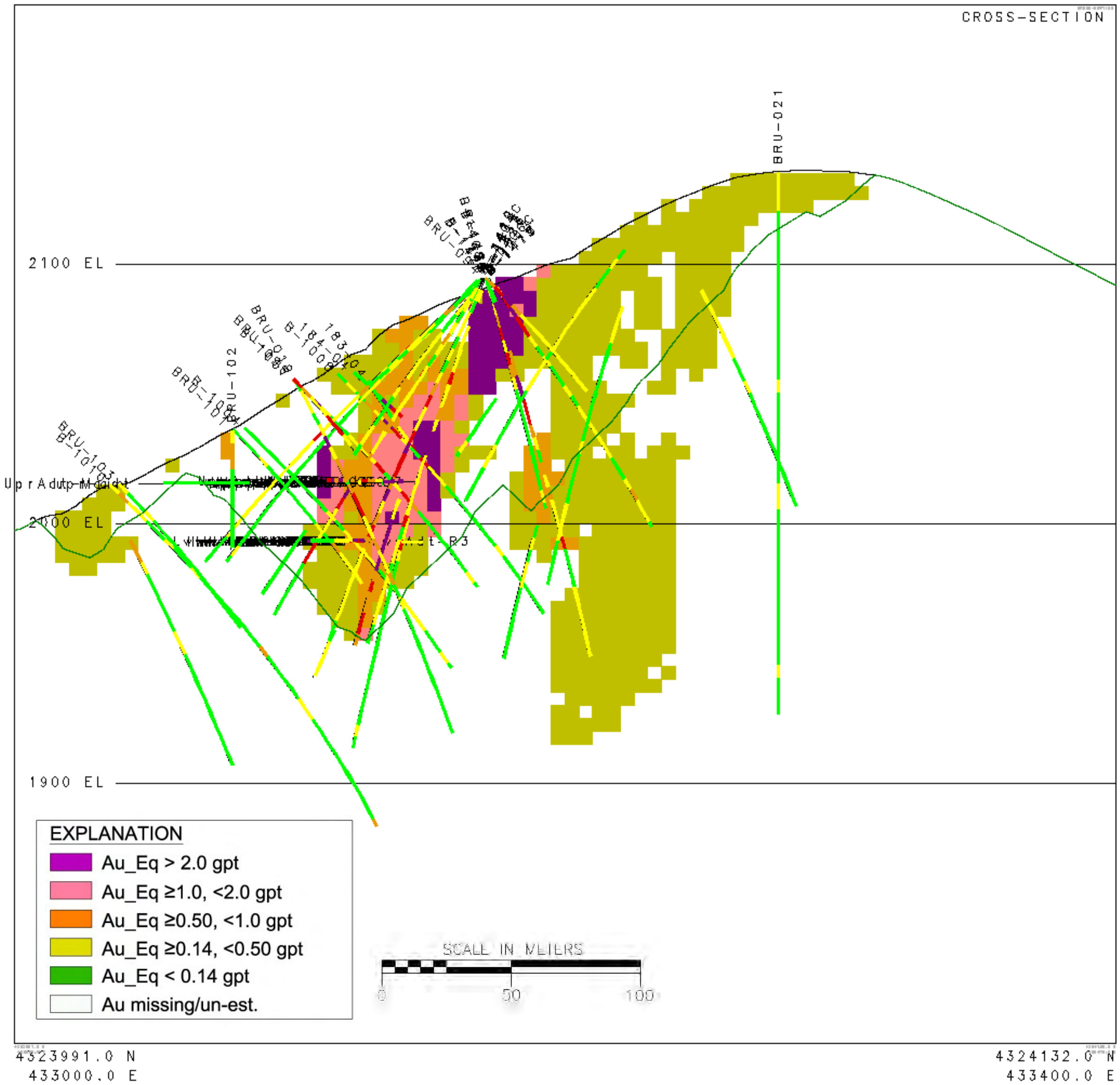
Table 14.1: Resource Statement for the Bruner Gold Project

RESOURCE ABOVE EXTERNAL BREAKEVEN CUTOFF											
	Indicated > 0.192 gpt Au Equiv						Inferred > 0.192 gpt Au Equiv				
Zone	**K-tonnes**	**Au grade gpt**	**Ag grade gpt**	**Cont'd Au k oz**	**Cont'd Ag k oz**		**K-tonnes**	**Au grade gpt**	**Ag grade gpt**	**Cont'd Au k oz**	**Cont'd Ag k oz**
HRA	4050	0.67	7.81	87	1017		400	0.34	3.57	4	46
Penelas	7850	0.64	4.94	162	1247		1550	0.68	2.76	34	138
Paymaster	-	-	-	-	-		650	1.08	3.11	23	65
Sub Total	**11900**	**0.65**	**5.92**	**249**	**2264**		**2600**	**0.73**	**2.97**	**61**	**249**
RESOURCE ABOVE INTERNAL BREAKEVEN CUTOFF AND BELOW EXTERNAL CUTOFF											
	Indicated between 0.117 and .192 gpt Au Equiv						Inferred between 0.117 and 0.192 gpt Au Equiv				
Zone	**K-tonnes**	**Au grade gpt**	**Ag grade gpt**	**Cont'd Au k oz**	**Cont'd Ag k oz**		**K-tonnes**	**Au grade gpt**	**Ag grade gpt**	**Cont'd Au k oz**	**Cont'd Ag k oz**
HRA	1450	0.16	3.91	7	182		200	0.17	2.12	1	14
Penelas	700	0.16	3.09	4	70		150	0.16	2.00	1	10
Paymaster	-	-	-	-	-		0	0	0	0	0
Sub Total	**2150**	**0.16**	**3.64**	**11**	**252**		**350**	**0.17**	**2.07**	**2**	**24**
TOTAL RESOURCE ABOVE INTERNAL BREAKEVEN CUTOFF											
	Indicated > 0.117 gpt Au Equiv						Inferred > 0.117 gpt Au Equiv				
	K-tonnes	**Au grade gpt**	**Ag grade gpt**	**Cont'd Au k oz**	**Cont'd Ag k oz**		**K-tonnes**	**Au grade gpt**	**Ag grade gpt**	**Cont'd Au k oz**	**Cont'd Ag k oz**
Total	**14050**	**0.58**	**5.57**	**260**	**2516**		**2950**	**0.66**	**2.86**	**63**	**273**

Notes:

- The Mineral Resource estimates were prepared in conformity with CIM “Estimation of Mineral Resource and Mineral Reserves Best Practices” guidelines and are reported in accordance with the Canadian Securities Administrators NI 43-101.
- Mineral Resources are not Mineral Reserves and do not have demonstrated economic viability. There is no certainty that all or any part of the Mineral Resources estimated will be converted into Mineral Reserves.
- Resources stated as contained within a potentially economic minable open pit design or cone shell; pit design parameters are: $1,250/oz Au, 90% gold recovery for crushed material, 10% silver recovery, $2.70/tonne mining cost $4.23/tonne processing + G&A cost, 55 degree inter-ramp pit slopes. Resources are reported using a 0.006 oz/t (0.192 gpt Au equiv) gold cutoff grade for crush material, and a 0.004 oz/t (0.117 gpt Au equiv) gold cutoff grade for ROM material.
- Numbers in the table have been rounded to reflect the accuracy of the estimate and may not sum due to rounding. Tonnages have been rounded to nearest 50 k-tonnes. Grades have been rounded to nearest 0.01 gpt. Contained ounces have been rounded to nearest K-oz.
- HRA Resource is based on designed pit for $1350/oz Au Price Cone Shell.
- Penelas Resource is based on designed pit for $1350/oz Au Price Cone Shell.
- Paymaster Resource is based on $1350/oz Au Price Cone Shell (no design).
- External Breakeven Cutoff is the cutoff where value of metal recovered equals the cost of mining and processing.
- Internal Breakeven Cutoff is the cutoff where value of metal recovered equals the cost of processing.

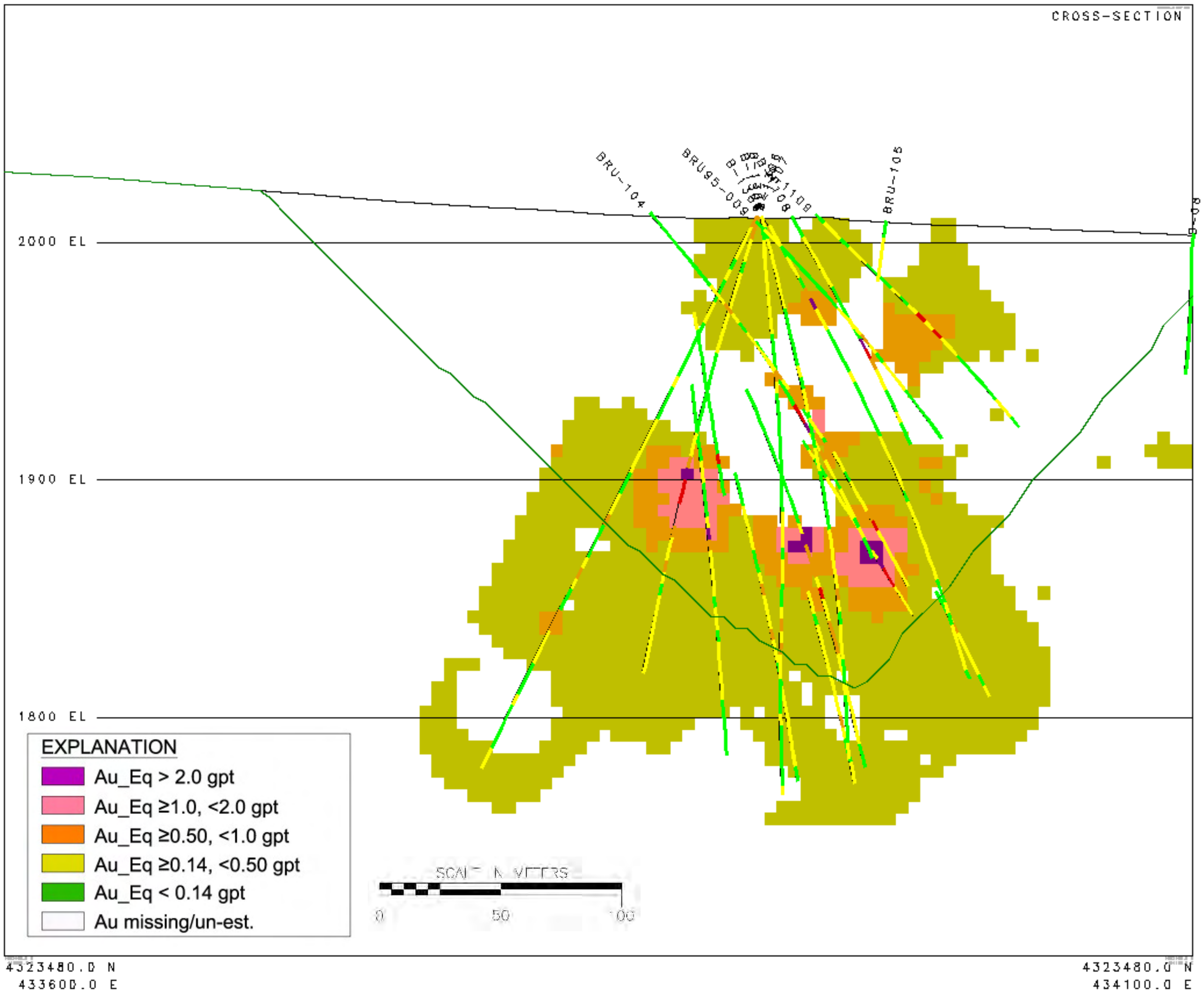
Figure 14.1: Check Plot of HRA Section @350N



14.3.2 Penelas Check Section @480N

A check plot was created for the Penelas section designated EW Section @480N. This section displays 3-D block model gold equivalent grades, drill hole 5 meter downhole composite gold gpt, and the profile of the $1350/oz Au shell. The plots are very similar but not an exact match, due to small round-off errors in transferring the block data, and slight differences in the display software. **Figure 14.2** shows the results of the Penelas check plot.

Figure 14.2: Check Plot of Penelas Section @480N



14.3.3 Resource Calculation Cross Check

Tanaka provided Excel spreadsheets of the 3-D model files. Items included were Au gpt, Ag gpt, Au_indicator, slope_reg_au, Resource Class, Ag_indicator, slope_reg_ag. Values were limited to those for blocks in the indicated or inferred categories. These models were imported, and the resource within the Tanaka 1350 shell were calculated for each of the three deposits. A comparison of WHA and Tanaka model results is shown on **Table 14.2**.

Table 14.2: WHA – Tanaka (2015) Model and 3-D Shell Comparison

Zone/Category	K-Tonnes	Au gpt	Ag gpt
WHA HRA Indicated	3500	0.76	8.3
WT HRA Indicated	3500	0.76	8.2
Difference (%)	**0.0**	**0.0**	**-1.2**
WHA HRA Inferred	350	0.36	3.3
WT HRA Inferred	350	0.36	3.3
Difference (%)	**0.0**	**0.0**	**0.0**
WHA Penelas Indicated	6800	0.69	4.7
WT Penelas Indicated	6800	0.70	4.7
Difference (%)	**0.0**	**1.4**	**0.0**
WHA Penelas Inferred	1400	0.70	2.6
WT Penelas Inferred	1400	0.71	2.7
Difference (%)	**0.0**	**1.4**	**3.8**
WHA Paymaster Inferred	700	1.08	4.8
WT Paymaster Inferred	700	1.09	4.8
Difference (%)	**0.0**	**0.9**	**0.0**

Notes:

1. Resources calculated at 0.212 gpt AuEquiv cutoff
2. AuEqiuv = Au + Ag/750
3. WHA = Welsh-Hagen calculated results based on imported William Tanaka model and 3D-LG (Lerchs Grossman) shell.
4. WT = Tanaka (2015) model and 3-D LG shell results.

There are a few places where the resource numbers differ. The percent difference in average grades would likely be lower if the average grades posted in the Tanaka report had been listed to three significant digits. These differences are not considered significant, and show that the three models have been successfully transferred from the Tanaka software (Techbase) to WHA MicroMODEL system.

14.3.4 Pit Design Cross check

The next check was to generate a pit shell using the MicroMODEL floating cone algorithm and compare the results to the Tanaka Techbase $1250/oz Au shell. A money matrix (net profit model) was created based on the Tanaka economic parameters (**Table 14.3**):

Table 14.3: Floating Cone Economic Parameters (Tanaka 2015)

Tanaka Economic Parameters	
Mining Cost	$2.40/tonne mined
Process Cost	$4.00/tonne Ore
G&A Cost	$0.67/tonne Ore
Au Recovery	90%
Ag Recovery	10%
Au Price	$1350/tr oz
Ag Price	$15/tr oz
Mining Recovery	100%
Dilution	0%
Slope	50 degrees

A floating cone shell was generated for both HRA and Penelas, and a resource calculated within the shell. This resource was then compared to the Tanaka resource reported within the Techbase-generated shell.

HRA Zone Shell Comparison

The numbers are reported below for the HRA zone. They show that for the $1250/oz Au economics, both software systems generate a shell with similar contents.

Table 14.4: WHA - Tanaka (2015) HRA Floating Cone Shell Comparison

Zone/Category	K-Tonnes	Au gpt	Ag gpt
WHA HRA Indicated	3300	0.77	8.3
WT HRA Indicated	3300	0.77	8.3
Difference (%)	**0.0**	**0.0**	**0.0**
WHA HRA Inferred	320	0.37	3.2
WT HRA Inferred	330	0.37	3.3
Difference (%)	**3.1**	**0.0**	**3.1**

Notes:
1. WHA = Welsh-Hagen $1250/oz Au shell results based on floating cone designed with MicroMODEL software using the imported Tanaka (2015) model.
2. WT = Tanaka (2015) $1250/oz Au shell results.

The comparison of the HRA shells shows a slight decrease in inferred tonnage, but the results are otherwise very similar.

Penelas Zone Shell Comparison

A comparison was made between the Tanaka $1250/oz Au shell for Penelas, and a shell generated by the WHA MicroMODEL software. The WHA shell mines slightly more tonnes of indicated material, and slightly fewer tonnes of inferred material.

Table 14.5: WHA - Tanaka (2015) Penelas Floating Cone Shell Comparison

Zone/Category	K-Tonnes	Au gpt	Ag gpt
WHA Penelas Indicated	3400	0.73	5.7
WT Penelas Indicated	3200	0.73	5.7
Difference (%)	**-5.9**	**0.0**	**0.0**
WHA Penelas Inferred	540	0.71	2.9
WT Penelas Inferred	580	0.67	2.8
Difference (%)	**7.4**	**-5.6**	**-3.4**

Notes:

1. WHA = Welsh-Hagen $1250/oz Au shell results based on floating cone designed with MicroMODEL software using the imported Tanaka (2015) model.
2. WT = Tanaka (2015) $1250/oz Au shell results.

14.3.5 Shell Comparison Conclusions

Based on these comparisons, WHA concludes that there is not a significant difference between economic shells that are generated with MicroMODEL vs. shells that are generated with the Techbase software. As such, changes in the resources reported for Penelas and HRA in this report vs those reported in the Tanaka report are caused mainly by changes in the economic assumptions that were used, as well as changes in pit slope assumptions. Paymaster and HRA resources have also been reduced slightly, to account for underground workings (see the following section).

14.4 Deduction for Known Underground Workings

There are known underground workings in the HRA, Penelas and Paymaster zones. WHA attempted to quantify the volume of underground workings, even though there are no wireframe models of these workings available. For Penelas, there was so little information for underground workings that WHA opted to ignore them. The amount of underground working data at HRA and Paymaster was more pronounced, so WHA created a simple mined out model based on tagging the closest blocks to the surveyed projection lines of the known underground workings. Then, for each block, WHA deducted 25% of the block volume to account for prior mining. The 25% figure is based on the ratio of approximate cross sectional area of the underground tunnels to the area of a model block face (5 x 5 meters).

For the Paymaster area, 253 blocks were tagged, for a total volume deduction of 7900 cubic meters. For the HRA area, 108 blocks were tagged, for a total volume deduction of 3375 cubic meters. These deductions have a slight impact on the resource totals. For example, the Paymaster $1250 shell reports 660 K-tonnes of inferred at a grade of 2.04 AuEquiv. Without the underground deduction, the resource would be 668 K-tonnes at 2.04 AuEquiv. So, at Paymaster, the deduction removes 8 K-tonnes, or 1.2 percent of the resource in the $1250 shell.

The effect is less noticeable for HRA. The HRA $1250 shell contains 3588 tonnes of indicated resource at 0.73 gpt AuEquiv. Without the underground deduction, the indicated resource would be 3593 tonnes at 0.73 gpt AuEquiv. At HRA the deduction removes 5 K-tonnes, or just 0.14 percent of the indicated resource in the $1250 shell. The underground deduction does not affect the inferred portion of the resource.

14.5 Downhole Compositing Procedure

The Bruner models have all been generated based on 5-meter downhole composited interval data which has been calculated from the raw drill hole assay data. Tanaka provided WHA with plain text versions of the 5-meter composite values for the three Bruner zones. When these composites were compared to 5-meter composites generated in MicroMODEL, it was noted that the values did not match.

The standard method which MicroMODEL software uses to calculate these intervals is different than that of Techbase software. MicroMODEL starts calculating the composite values starting from the first drill hole assay interval that is encountered (moving down the hole from the collar) which contains at least one non-missing assay value. Techbase begins calculating the 5-meter composites starting at the top of the hole. This difference was resolved by adding a new option to the MicroMODEL compositing routine which allows the user to forego the standard method and instead use the Techbase method.

After switching to the Techbase compositing method, a comparison between the Tanaka composite values and MicroMODEL composite values showed no significant difference. The following table lists the univariate statistics for 5-meter composites in the HRA and Penelas zones.

Table 14.6: HRA and Penelas Composite Statistics

HRA and Penelas 5-meter Downhole Composite Statistics									
Zone	Label	Missing	Valid	Minimum	Maximum	Mean	Variance	Std. Dev.	Coeff of Variance
HRA	Au_ppm	253	3512	0	31.89	0.292	1.65	1.29	4.41
Penelas	Au_ppm	131	4214	0	42.02	0.234	1.36	1.16	4.97
HRA	Ag_ppm	914	2851	0	341.1	5.17	196.4	14.02	2.71
Penelas	Ag_ppm	558	3787	0	234.7	3.91	56.2	7.5	2.58

14.6 HRA Model Review

The 3-D block model limits for the HRA zone are shown in **Table 14.7**:

Table 14.7: HRA Zone Model Parameters

Item	Value	Units
Lower Left Corner Easting	432,700	meters
Lower Left Corner Northing	4,323,800	meters
Lower Left Corner Elevation	1745	meters
Model Rotation Angle	0	degrees
Column Width	5	meters
Row Width	5	meters
Bench Height	5	meters
Number of Columns	161	-
Number of Rows	161	-
Number of Benches	80	-

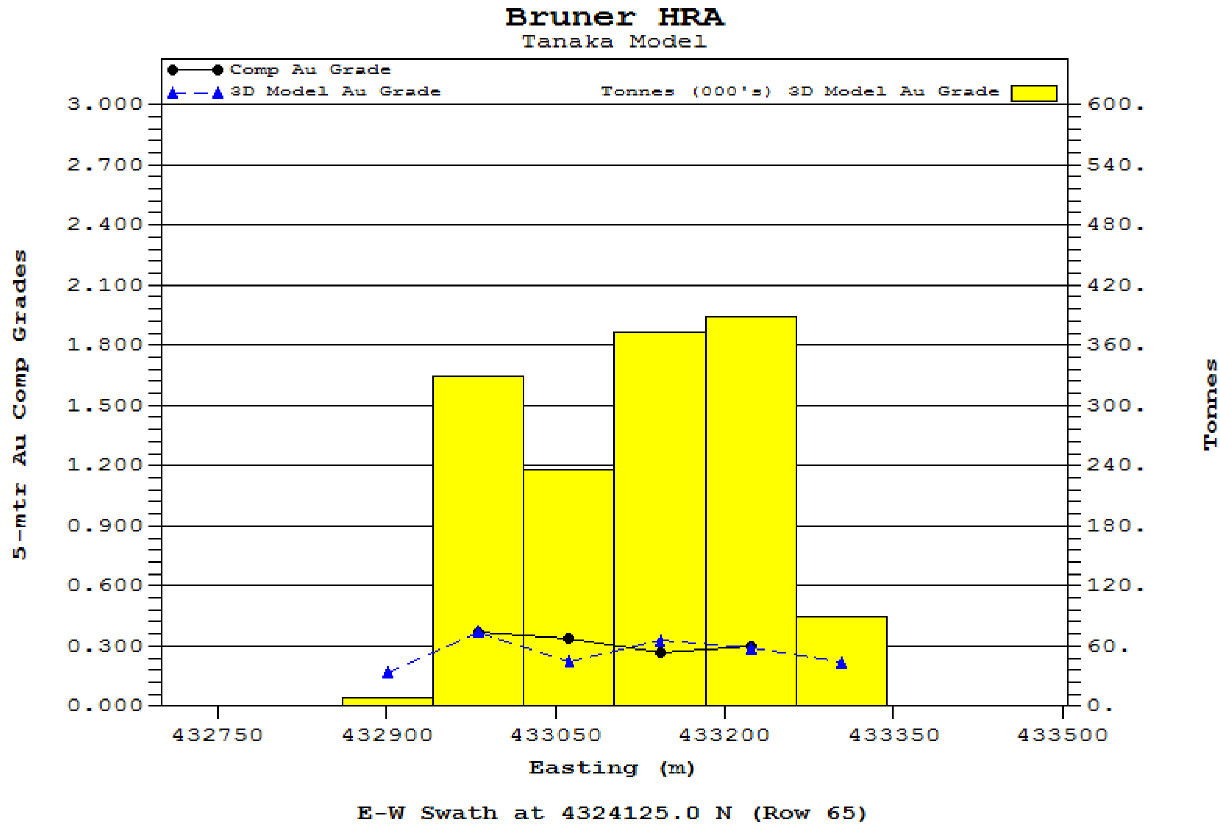
A set of E-W cross sections were constructed showing drill hole gold values and interpolated gold block grade values. Similar sections were constructed showing drill hole silver values and interpolated silver block grade values. A third set of sections was constructed showing drill hole locations plus blocks that were tagged as indicated or inferred.

Bench plans were constructed showing 5-meter composite locations and block grade values. WHA Randy Martin and Doug Willis reviewed these sections and plans and conclude that the models are suitable for conducting a PEA level assessment.

14.6.1 HRA Swath Plot for Gold

WHA generated a set of swath plots showing tonnes above 0.195 AuEq cutoff, 5-mtr composite gold grade, and block gold grade. Swath plots are a visual tool used by some to evaluate grade models. An example swath plot for HRA is shown as **Figure 14.3**.

Figure 14.3: Swath Plot of HRA Zone



14.7 Penelas Model Review

The 3-D block model limits for the HRA zone are shown in the following table:

Table 14.8: Penelas Zone Model Parameters

Item	Value	Units
Lower Left Corner Easting	433,400	meters
Lower Left Corner Northing	4,323,200	meters
Lower Left Corner Elevation	1755	meters
Model Rotation Angle	0	degrees
Column Width	5	meters
Row Width	5	meters
Bench Height	5	meters
Number of Columns	201	-
Number of Rows	161	-
Number of Benches	70	-

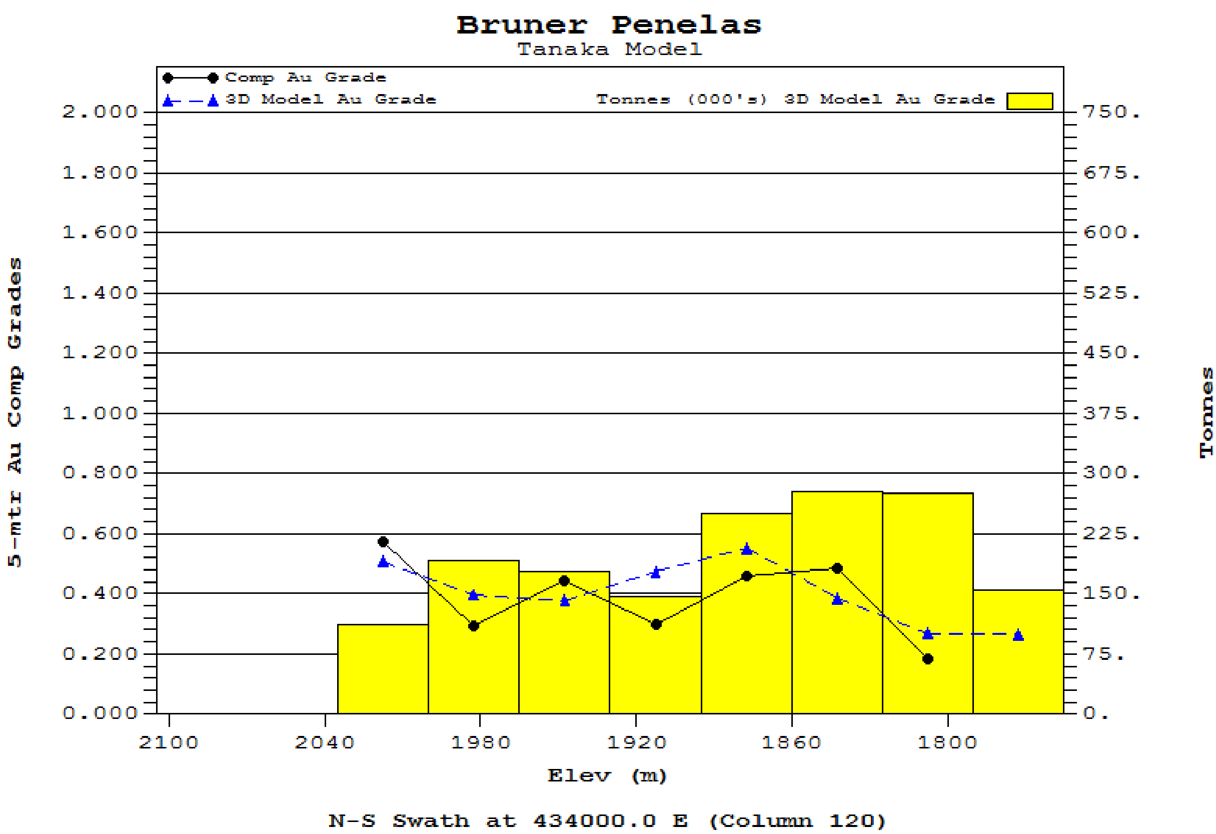
A set of E-W cross sections were constructed showing drill hole gold values and interpolated gold block grade values. Similar sections were constructed showing drill hole silver values and interpolated silver block grade values. A third set of sections was constructed showing drill hole locations plus blocks that were tagged as indicated or inferred.

Bench plans were constructed showing 5-meter composite locations and block grade values. WHA Randy Martin and Doug Willis reviewed these sections and plans and conclude that the models are suitable for conducting a PEA level assessment.

14.7.1 Penelas Swath Plot for Gold

WHA generated a set of swath plots showing tonnes above 0.195 AuEq cutoff, 5-mtr composite gold grade, and block gold grade. Swath plots are a visual tool used by some to evaluate grade models. An example swath plot for Penelas is shown as **Figure 14.4**.

Figure 14.4: Swath Plot of Penelas Zone



14.7.2 Description of PACK Method

WHA had not previously used a modeling method called PACK, which Tanaka had implemented for the Bruner models. The following is a direct quote from the Tanaka report:

The PACK approach produces block estimates for the indicators that consist of numbers between 0 and 1 that are analogous to the decimal probability that the block is above or below *the selected threshold grade upon which the indicator assignments are based. Selection of the appropriate indicator estimate value to use to constrain the estimate varies, but is most commonly based on examination of the results against the original drill hole data in section. In the case of all three deposits the highly variable orientation of drill holes precludes accurate assessment of the appropriate value visually and an alternative approach was used.*

The block indicator estimates were back-estimated to the composites using a nearest neighbor assignment with the identical anisotropic search used in the original indicator estimate. This assigns the nearest (in anisotropic space) block indicator value to the composites. The composite table is then brought into a spreadsheet for analysis.

The analysis consists of comparing the original "1''s and 0's" assigned on the basis of the threshold selection to the indicator estimates and testing which value for the estimates most closely balances the errors of below-threshold composites included against errors of above-threshold composites excluded. The resulting number is then selected as the value that best defines both the volume to receive the estimate and the data to inform the estimate. In addition to offering an objective means of optimizing the indicator estimate value to define the eligible blocks, this approach also obviates the need to create a solid for locating eligible composites. **Table 14.9** *below presents an example summary for the HRA zone and* **Table 14.10** *that for the Penelas zone.*

Table 14.9: Indicator Error Summary for 0.1 gpt Gold Indicator in HRA Zone
(Tanaka, 2015*)*

Indicator Error Summary **HRA Au 0.1 gpt**	0.10 gpt Au	0.10 gpt Au percent error	avg grade of errors Au gpt	avg grade selected Au gpt
Selected Indicator Value:	**0.4845**			**0.649**
Total positve errors:	173	5.0%	0.065	
Total negative Errors:	172	5.0%	0.311	
Total Net Error:	**-1**	0.0%		

From the table above it can be seen that the optimal indicator estimate value to use for HRA is 0.4845. Selection of that value gives an average grade of composites within the envelope of 0.649 gpt gold. A total 173 composites (5.0% of the total) are included in that envelope that are below the threshold and have an average grade of 0.065 gpt gold. A total 172 composites above the threshold are excluded from the enveloped and have an average grade of 0.311 gpt gold.

Table 14.10: Indicator Error Summary for 0.1 gpt Gold Indicator in Penelas Zone
(Tanaka, 2015*)*

Indicator Error Summary **Penelas Au 0.1 gpt**	0.10 gpt Au	0.10 gpt Au percent error	avg grade of errors Au gpt	avg grade selected Au gpt
Selected Indicator Value:	**0.4810**			**0.554**
Total positve errors:	186	4.3%	0.067	
Total negative Errors:	185	4.3%	0.303	
Total Net Error:	**-1**	0.0%		

From the table above it can be seen that the indicator estimate value to use for Penelas is 0.4810. Selection of that value gives an average grade of composites within the envelope of 0.554 gpt gold. A total 186 composites (4,3% of the total) are included in that envelope that are below the threshold and have an average grade of 0.067 gpt gold. A total 185 composites above the threshold are excluded from the enveloped and have an average grade of 0.303 gpt gold.

14.7.3 Penelas PACK Model Re-creation

In order to better understand the PACK method, WHA opted to recreate the Tanaka gold model for Penelas, using MicroMODEL software. By proving that the PACK method could be duplicated, WHA then felt comfortable in generating the updated Paymaster model.

A more complete set of data was obtained from Tanaka for Penelas. Values for all the blocks in the Tanaka Penelas resource model were obtained. These values included lagrange multiplier kriging variance values for the indicator model, as well as the slope of the regression.

While investigating the PACK method, WHA discovered that there is a difference in what the Techbase software reports for kriging variance, and what MicroMODEL reports for kriging variance. The difference is that Techbase deducts a block variance component, while MicroMODEL does not. Once this crucial difference was identified, it was possible for WHA to generate a gold model that was highly correlated with the original Tanaka model. Internal differences in sample sorting routines, as well as slight differences between the two systems in handling drill hole survey information, preclude the possibility of matching models exactly on a block by block basis.

The resource within the Tanaka $1350/oz Au shell was calculated based on the new MicroMODEL PACK model, and compared to the Resource listed in the Tanaka report. These numbers were virtually identical, adding credence to the WHA's ability to utilize the Tanaka PACK method.

14.8 Paymaster Remodel

WHA created new gold and silver grade models for the Paymaster Zone. Project topo was taken from exported Tanaka topo grid (pay_topo.txt). The 3-D block model limits for the HRA zone are shown in the following table:

Table 14.11: Paymaster Zone Model Parameters

Item	Value	Units
Lower Left Corner Easting	432,400	meters
Lower Left Corner Northing	4,325,000	meters
Lower Left Corner Elevation	1745	meters
Model Rotation Angle	0	degrees
Column Width	5	meters
Row Width	5	meters
Bench Height	5	meters
Number of Columns	121	-
Number of Rows	121	-
Number of Benches	80	-

14.8.1 New Drilling Information

A complete set of the latest drill hole data for the Paymaster area was provided by Canamex. This new set of data included eleven drill holes that were completed during the 2015 exploration campaign. Except for the 2015 holes, the new set of data was cross-checked with the dataset that was provided to Tanaka for the prior modeling effort. The only differences found were the movement of two collar locations (BRU-031, BRU-032). The correction of the two collars was based on new surveys commissioned by Canamex to confirm collar locations in the Paymaster area. With the exception of the two updated collar locations, all collars, downhole surveys, gold and silver assays, and assay interval depths matched exactly with the previous dataset.

The drill hole data was loaded into MicroMODEL. There were a total of 111 drill holes. Summary statistics for the drill hole data are shown below in **Table 14.12**.

Table 14.12: Summary Statistics for Drill Hole Data

Item	Non-Missing	Average	Standard Deviation	Minimum	Maximum	Missing
Interval	1905	1.65	1.59	0.3	46.94	0
Au_ppm	1880	0.27	2.33	0.0	58.50	25
Ag_ppm	1471	2.16	6.98	0.0	125.3	434

14.8.2 Generation of Downhole Composites

The drill hole assay intervals were then composited downhole on 5 meter intervals, using the new compositing option which mimics the Techbase method. This method calculates composites starting from the top of the hole, even when there are assay intervals which lack any information at the start of the hole. Basic statistics were run on the composited values and shown below in **Table 14.13**.

Table 14.13: Basic Statistics on Composited Drill Hole Composites

Item	Non-Missing	Average	Standard Deviation	Minimum	Maximum	Missing
Interval	674	4.67	1.04	0.1	5.00	0
Au_ppm	626	0.33	2.05	0.0	35.72	48
Ag_ppm	499	2.60	8.46	0.0	125.3	175

14.8.3 Gold Capping

A gold capping study was performed, using the latest set of composite data. Calculations were based on the same methods that were used in the Tanaka report. With the added drill hole data, the four composites which are greater than 7 gpt Au now represent 2.67 percent of the composites within the +0.1 gpt gold indicator zone. Of the contained metal within the 86 composites that are above 0.195 gpt Au in the +0.1 gpt gold indicator zone, the portion of gold that is above 7 grams in these 4 composites accounts for 34.7 percent of the total. In light of this, gold capping was used for this model. Values were capped using the same formula as Tanaka, for the sake of consistency. (Reduce the component of grade value above the selected cap (7 gpt) by a factor of ten:

AuCap = 7 + 0.1*(Au-7)

Silver values were capped at 26 gpt, again to be consistent with the prior Tanaka study.

14.8.4 Indicator Variograms

Experimental Indicator variograms were run for gold at an 0.1 g/tonne cutoff. Inspection of the results including the new 2015 drilling data for the directions that were identified by Tanaka as the primary, secondary, and tertiary directions showed that the Tanaka models could be reused. That is, the indicator variography did not change significantly with the new drilling.

Figure 14.5: Paymaster Primary Direction Indicator Variogram

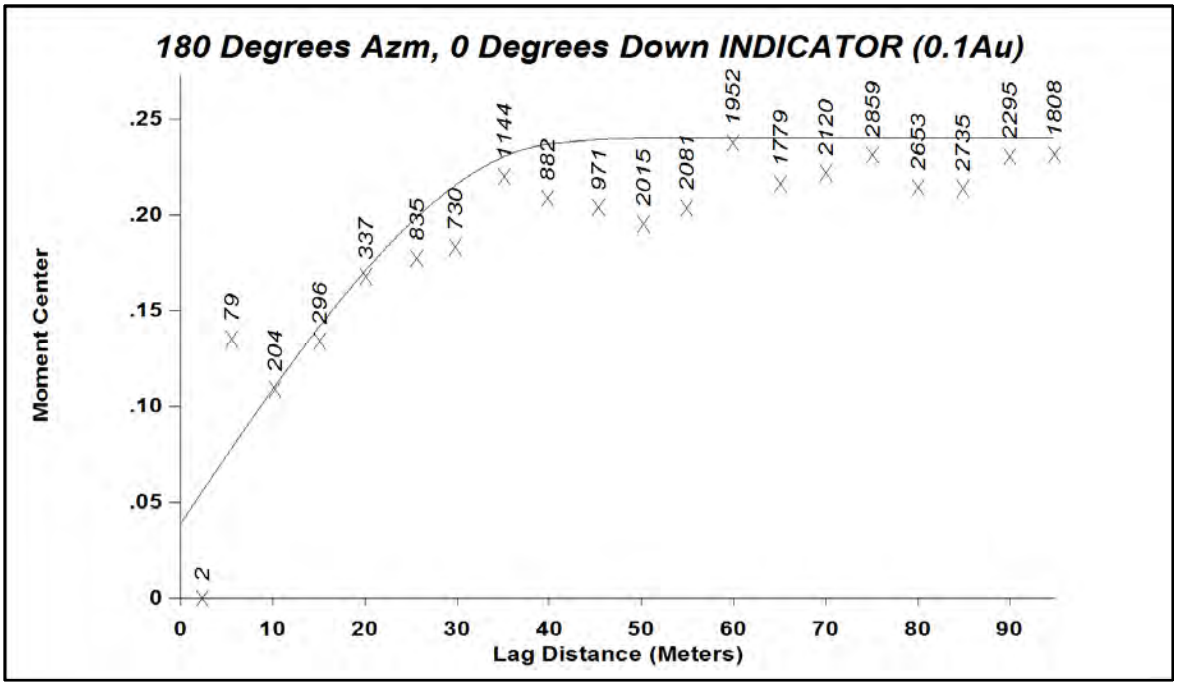


Figure 14.6: Paymaster Secondary Direction Indicator Variogram

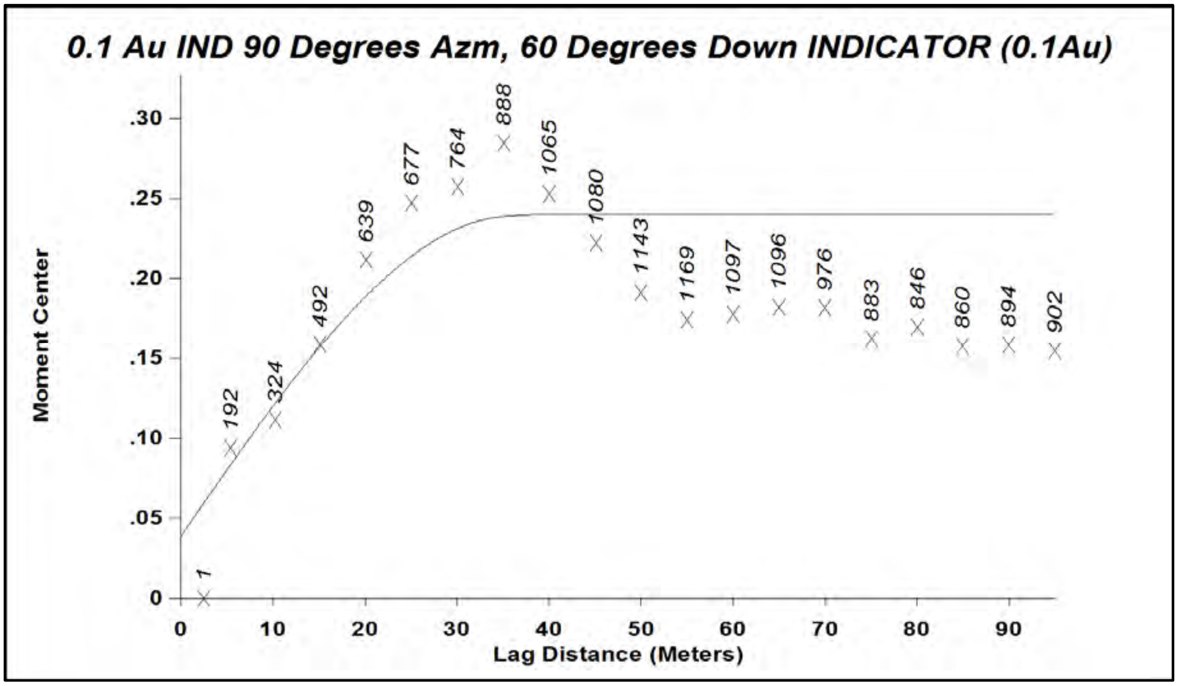
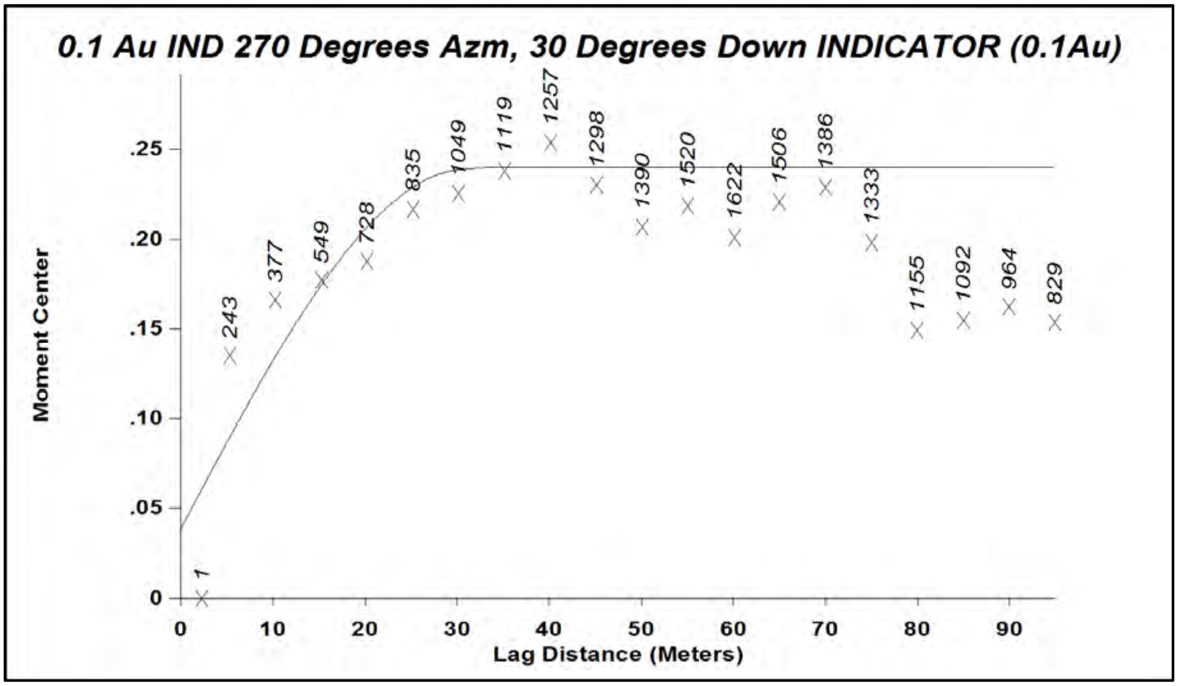


Figure 14.7: Paymaster Tertiary Direction Indicator Variogram



An indicator model was generated using the following parameters:

Table 14.14: Paymaster Indicator Model Parameters

Item	Value
Number of Closest Points	15
Minimum Number of Points	3
Maximum Search Range	50 meters
Primary Axis Length	50 meters
Secondary Axis Length	40 meters
Tertiary Axis Length	35 meters
First Rotation Angle	180 degrees
Second Rotation Angle	0 degrees
Third Rotation Angle (Tilt)	-60 degrees

The indicator model was generated using kriging with the following variogram model:

Table 14.15: Paymaster Variogram Model

Variogram	Sill	Primary Range meters	Secondary Range meters	Tertiary Range meters
Nugget	0.163	-	-	-
Spherical	0.612	40	35	30
Spherical	0.224	50	40	35

Statistics for the Au Indicator Model:

Table 14.16: Statistics for the Au Indicator Model

Count	Minimum	Maximum	Mean	Variance	Std. Dev.	Coeff of Variance
49,828	0	1.10	0.177	0.057	0.239	1.35

14.8.5 Indicator Model Cutoff Selection

The five meter composites were backmarked from the 3-D indicator model. A file containing Au grade, and backmarked indicator value was generated. This file was analyzed to find the optimal indicator estimate cutoff value. The table below summarizes the selection:

Table 14.17: Indicator Estimate Cutoff Value

Selected Indicator Cutoff	0.4505		
Average Au Grade Selected	1.192 ppm		
	Raw Count	**Percentage**	**Avg. Auppm**
Total Positive Errors	18	2.9	0.050
Total Negative Errors	19	3.1	0.204

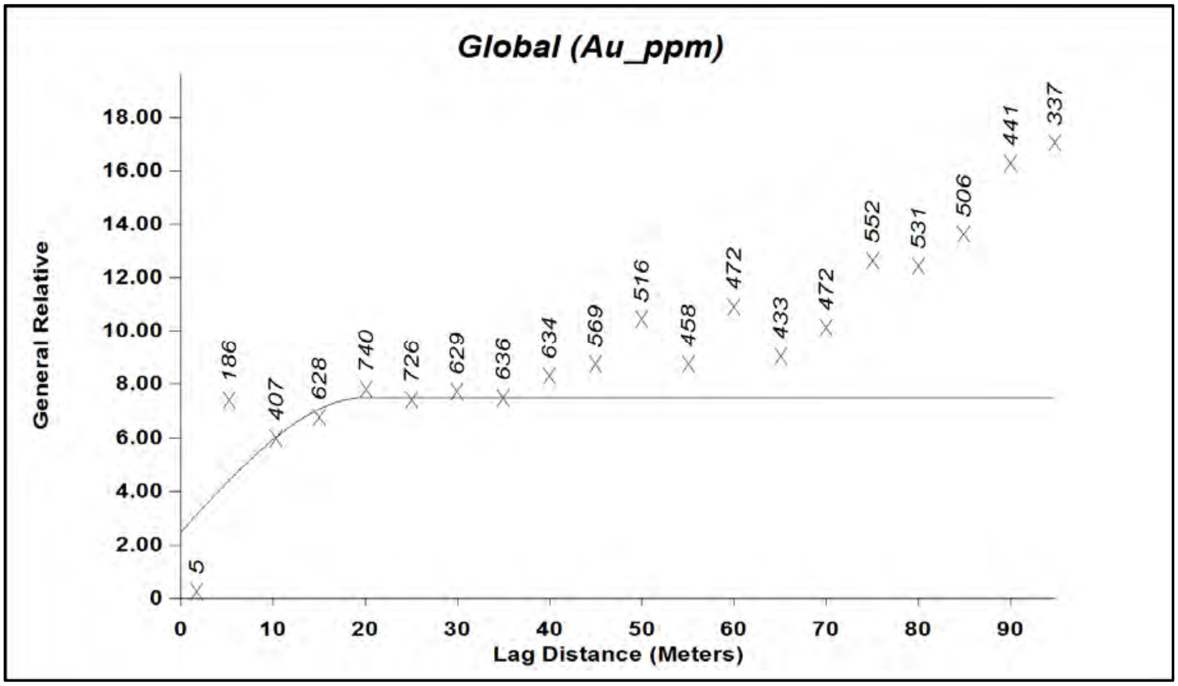
Selecting an indicator cutoff value of 0.4505 gives an average grade of composites within the envelope of 1.192 gpt gold. A total of 18 composites (2.9% of the total) are included in that envelope that are below the threshold (0.1 gpt Au) and have an average grade of 0.050 gpt gold. A total of 19 composites above the threshold (0.1 gpt Au) are excluded from the envelope and have an average grade of 0.204 gpt gold.

In order to prepare for the ordinary kriging of gold grades within the zone that was defined using the PACK method, all composites with a back marked indicator value of 0.4505 or greater were assigned a ROCK code of 1. All other composites were assigned a ROCK code of 9999. In addition, a 3-D ROCK model was created based on the Au indicator model. If the indicator value is greater than or equal to 0.4505, then the ROCK was set to 1. Otherwise, ROCK was set to 9999. Then, model blocks that are of ROCK code 1 were modeled using composites that were of ROCK code 1.

14.8.6 Gold Model

WHA was unable to generate meaningful directional variograms for the capped Au composites. However, WHA was able to construct downhole and global variograms. The global variogram for capped Au was used to perform ordinary kriging of gold grades within the > 0.4505 indicator blocks.

Figure 14.8: Global Variogram for Capped Gold



A gold model was generated using ordinary kriging. Parameters were:

Table 14.18: Paymaster Gold Modeling Parameters

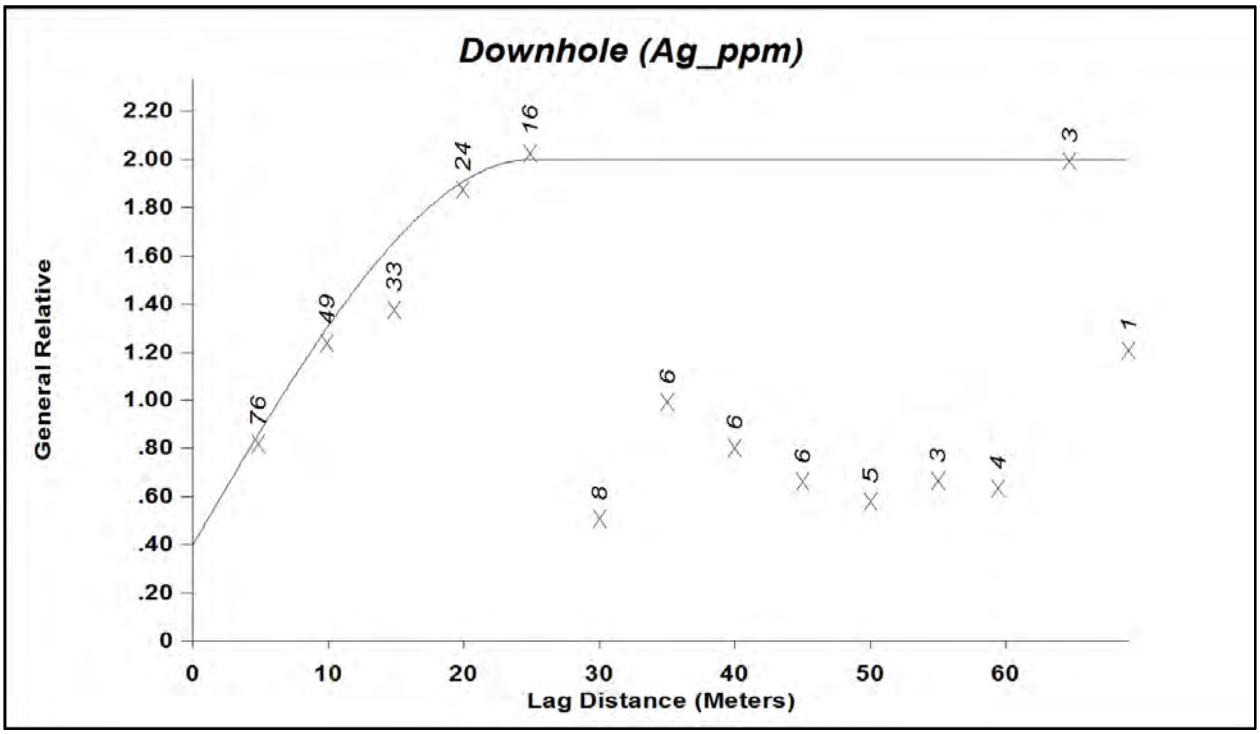
Item	Value
Number of Closest Points	15
Minimum Number of Points	3
Maximum Search Range	50 meters
Primary Axis Length	50 meters
Secondary Axis Length	50 meters
Tertiary Axis Length	50 meters
Search is Isotropic?	YES
Variogram Nugget	0.33
Spherical Variogram Sill	0.67
Spherical Variogram Range	20 meters

14.8.7 Generation of Capped Ag model

WHA calculated the gross value of gold and silver reported in Table 14-7 of the Tanaka report. For a gold price of $1250/oz and silver price of $15/oz, the contribution of silver to the total gross value (metal oz contained x recovery x price) is slightly less than one percent. Because silver contributes such a small portion to the value of the project, WHA opted to simplify the modeling process for silver in this update of Paymaster.

In the process of reviewing the Tanaka HRA model, WHA found that a kriged model of silver within the mineralized zone, based on silver composites within the zone, generated a model whose cumulative frequency curve closely matched the more intricate Tanaka model values. In light of this, a kriged model was generated for silver in the new Paymaster resource model, based on the silver composites found within the mineralized zone defined by the gold indicator model. The downhole variogram model for silver within the mineralized zone was used.

Figure 14.9: Downhole Variogram Model for Silver



Capped Silver grade modeling parameters are as follows:

Table 14.19: Paymaster Silver Modeling Parameters

Item	Value
Number of Closest Points	15
Minimum Number of Points	3
Maximum Search Range	50 meters
Primary Axis Length	50 meters
Secondary Axis Length	50 meters
Tertiary Axis Length	50 meters
Search is Isotropic?	YES
Variogram Nugget	0.40
Spherical Variogram Sill	1.60
Spherical Variogram Range	25 meters

14.9 Shell Generation

A series of open pit shells were generated, using the MicroMODEL floating cone module. Cone designs were based on the following economic and physical assumptions:

Table 14.20: Pit Shell Generation Assumptions

WHA Economic Parameters	
Mining Cost	$2.70/tonne mined
Process + G&A Cost	$4.23/tonne Ore
Au Recovery	90%
Ag Recovery	10%
Au Price Range	$950 to $1350/tr oz
Ag Price (constant)	$15/tr oz
Mining Recovery	100%
Dilution	0%
Slope	55 degrees

14.9.1 Final Grade Models

The mined shells were designed based on the following models:

- Tanaka Uncapped Au and Ag Models for Penelas, underground workings considered insignificant;
- Tanaka Uncapped Au and Ag Models for HRA, with deduction applied for underground workings;
- WHA Capped Au and Ag Models for Paymaster, with deduction applied for underground workings.

14.9.2 Cutoff Values by Gold Price

The net value files (money matrices) that are required for pit shell generation are created based on a gold equivalent cutoff. **Table 14.21** summarizes the gold equivalent factor and cutoff values for each gold price that was analyzed. Gold equivalent is calculated as the sum of gold grade plus (silver grade)/factor. Design and reporting cutoff was the External Au Cutoff Grade (ecog) in each case.

Table 14.21: Bruner Cutoff Calculation

Bruner Cutoff Calculation							
Item	**Au 950**	**Au 1050**	**Au 1150**	**Au 1250**	**Au 1350**	**Au 1450**	**Au 1550**
Mining Cost	2.7	2.70	2.70	2.70	2.70	2.70	2.70
Milling Cost	4.23	4.23	4.23	4.23	4.23	4.23	4.23
Recovery	0.9	0.90	0.90	0.90	0.90	0.90	0.90
Gold Price (tr oz)	950	1050	1150	1250	1350	1450	1550
Silver Price (tr oz)	15	15	15	15	15	15	15
Silver Price (gm)	0.48	0.48	0.48	0.48	0.48	0.48	0.48
Gold Price (gm)	30.54	33.76	36.97	40.19	43.40	46.62	49.83
NSR+Royalty	0	0	0	0	0	0	0
Net Gold Pay	30.54	33.76	36.97	40.19	43.40	46.62	49.83
External Au Cutoff Grade g/t	0.252	0.228	0.208	0.192	0.177	0.165	0.155
Internal Au Cutoff Grade g/t	0.154	0.139	0.127	0.117	0.108	0.101	0.094
Au Equivalency Factor	570	630	690	750	810	870	930

14.10 Shell Results

14.10.1 HRA Shell Results

The following tables summarize the HRA Shell Results for Indicated and Inferred material. Results for the $1350 shell upon which the pit designs were based on are highlighted in grey.

Table 14.22: Shell Results for the HRA Zone – Indicated Resource

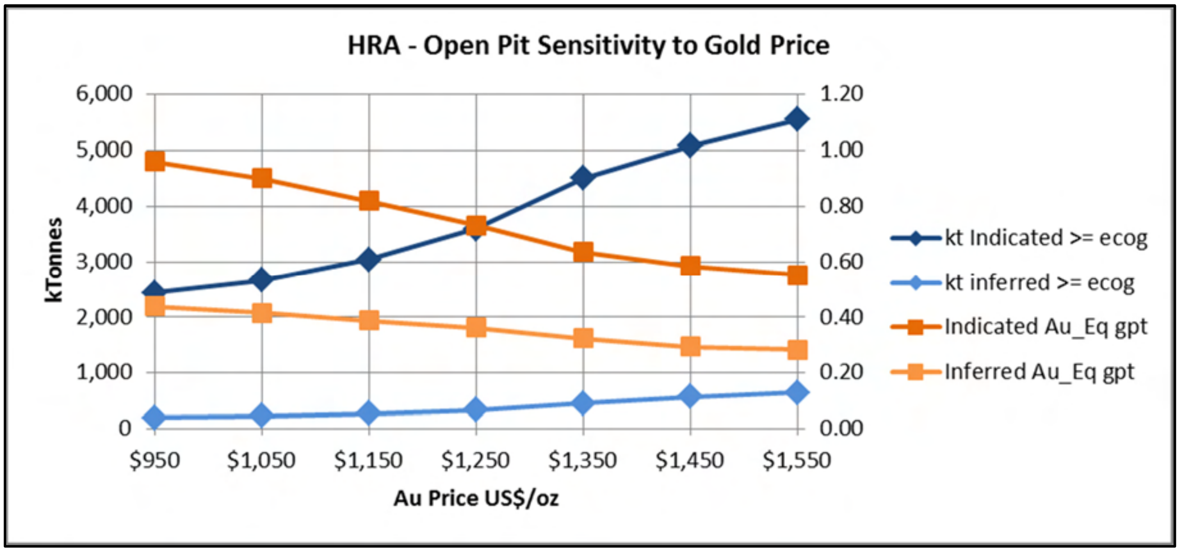
HRA INDICATED						
Gold Price US$/oz	Au_Eq cutoff grade	K-Tonnes	Au Grade gpt	Ag Grade gpt	Contained Au K-Ounces	Contained Ag K-Ounces
950	0.252	2436	0.943	9.434	74	739
1050	0.228	2664	0.885	9.113	76	781
1150	0.208	3043	0.806	8.670	79	848
1250	0.192	3588	0.720	8.197	83	946
1350	0.177	4499	0.625	7.562	90	1,094
1450	0.165	5077	0.576	7.164	94	1,169
1550	0.155	5542	0.544	7.023	97	1,251

Table 14.23: Shell Results for the HRA Zone – Inferred Resource

HRA INFERRED						
Gold Price US$/oz	Au_Eq cutoff grade	K-Tonnes	Au Grade gpt	Ag Grade gpt	Contained Au K-Ounces	Contained Ag K-Ounces
950	0.252	195	0.433	3.240	3	20
1050	0.228	227	0.410	3.137	3	23
1150	0.208	272	0.384	3.103	3	27
1250	0.192	334	0.357	3.276	4	35
1350	0.177	457	0.319	3.621	5	53
1450	0.165	577	0.291	3.437	5	64
1550	0.155	643	0.279	3.338	6	69

The following graph shows the HRA area sensitivity to gold price.

Figure 14.10: Sensitivity to Gold Price for the HRA Zone



14.10.2 Penelas Shell Results

The following tables summarize the Penelas Shell Results for Indicated and Inferred material. Results for the $1350 shell upon which the pit designs were based on are highlighted in grey.

Table 14.24: Shell Results for the Penelas Zone – Indicated Resource

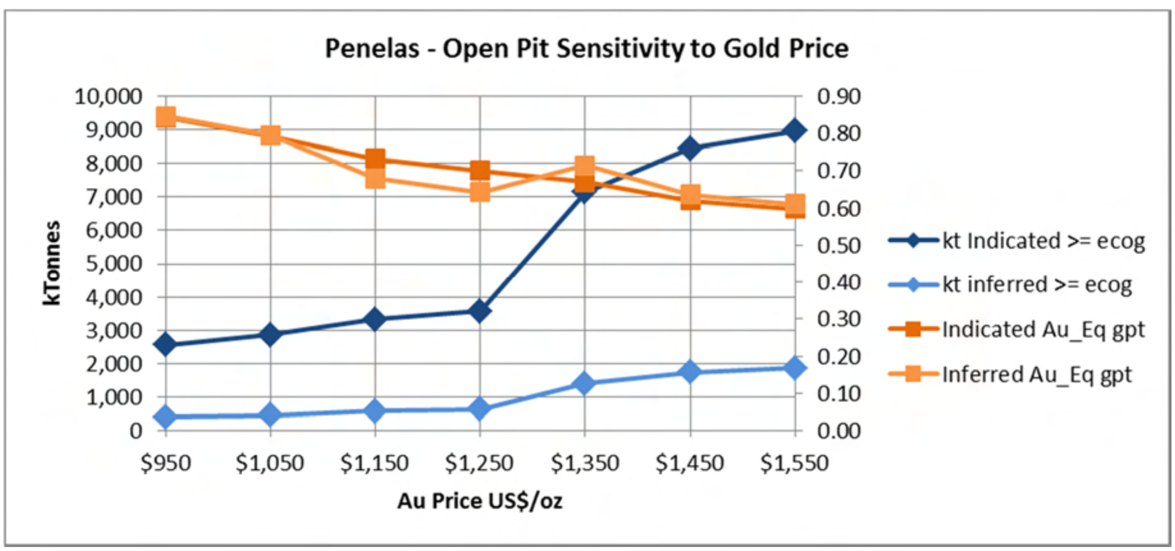
PENELAS INDICATED						
Gold Price US$/oz	Au_Eq cutoff grade	K-Tonnes	Au Grade gpt	Ag Grade gpt	Contained Au K-Ounces	Contained Ag K-Ounces
950	0.252	2560	0.832	6.233	69	513
1050	0.228	2855	0.784	6.018	72	552
1150	0.208	3328	0.724	5.721	77	612
1250	0.192	3576	0.693	5.615	80	646
1350	0.177	7143	0.664	4.792	153	1,100
1450	0.165	8434	0.615	4.716	167	1,279
1550	0.155	8960	0.594	4.676	171	1,347

Table 14.25: Shell Results for the Penelas Zone – Inferred Resource

PENELAS INFERRED						
Gold Price US$/oz	Au_Eq cutoff grade	K-Tonnes	Au Grade gpt	Ag Grade gpt	Contained Au K-Ounces	Contained Ag K-Ounces
950	0.252	413	0.841	2.955	11	39
1050	0.228	454	0.790	2.941	12	43
1150	0.208	574	0.676	2.783	12	51
1250	0.192	630	0.640	2.793	13	57
1350	0.177	1400	0.711	2.679	32	121
1450	0.165	1747	0.633	2.670	36	150
1550	0.155	1868	0.608	2.639	37	158

The following graph shows the Penelas area sensitivity to gold price.

Figure 14.11: Sensitivity to Gold Price for the Penelas Zone



14.10.3 Paymaster Shell Results

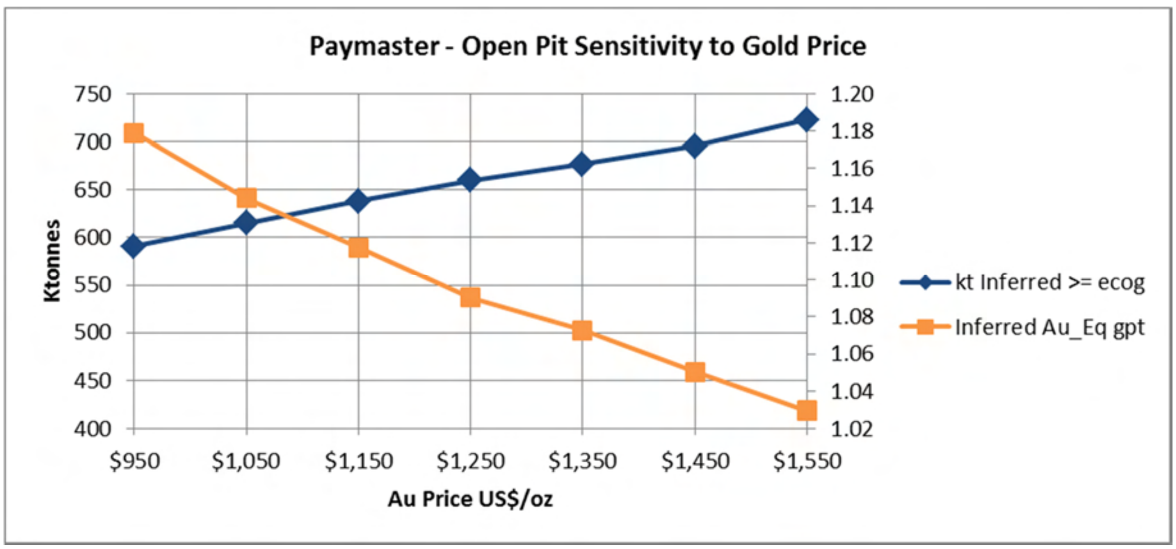
The following table summarizes the Paymaster Shell Results for Inferred material. There is no Indicated material in Paymaster. Results for the $1350 shell which was used directly for reporting the mineral resource are highlighted in grey.

Table 14.26: Shell Results for the Paymaster Zone – Inferred Resource

PAYMASTER INFERRED						
Gold Price US$/oz	Au_Eq cutoff grade	K-Tonnes	Au_Capped Grade gpt	Ag_Capped Grade gpt	Contained Au K-Ounces	Contained Ag K-Ounces
950	0.252	591	1.173	3.347	22	64
1050	0.228	615	1.139	3.240	23	64
1150	0.208	638	1.113	3.179	23	65
1250	0.192	660	1.086	3.127	23	66
1350	0.177	677	1.069	3.105	23	68
1450	0.165	695	1.047	3.076	23	69
1550	0.155	723	1.026	2.982	24	69

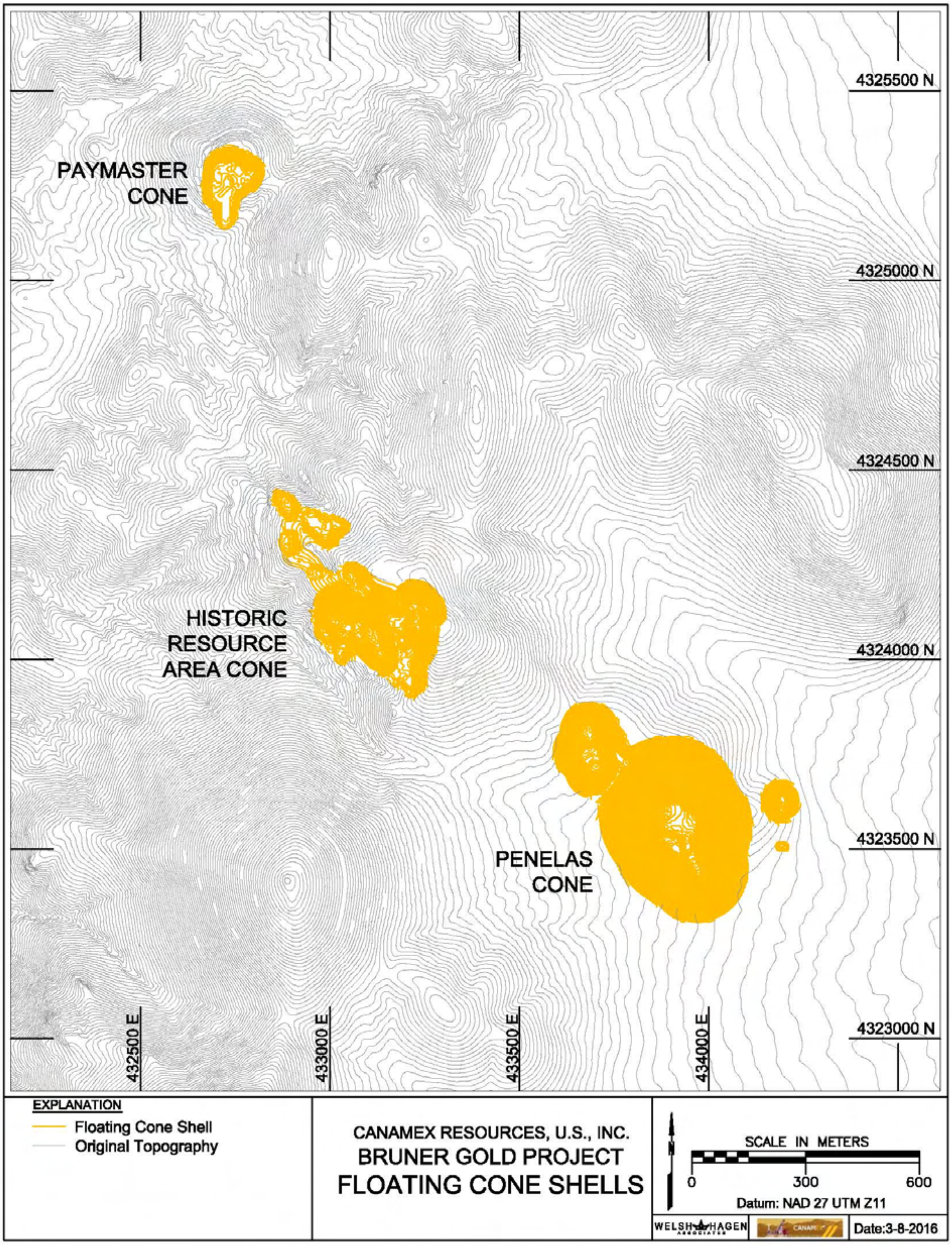
The following graph shows the Paymaster area sensitivity to gold price.

Figure 14.12: Sensitivity to Gold Price for the Paymaster Zone



Floating cone shells on plan view for the Bruner Gold Project are shown on **Figure14.13**.

Figure 14.13: Bruner Floating Cone Shells at $1350/oz Au



14.11 Shell Modifications

At the request of Canamex, designed pits were constructed for the HRA and Penelas areas. These designs were based on the $1350/oz Au floating cone shell limits. The Paymaster shell was used "as is" since it contains such a small portion of the overall contained gold. Also, the Paymaster shell has a natural exit point to the south, which would only require a small amount of additional excavation for an exit ramp.

Pit design parameters were as follows:

Table 14.27: Pit Design Parameter

Parameter	Value
Bench Height	5 meters
Catch Bench Width	5.5 meters
Double Benching. Catch Bench Every	10 meters
Highwall Face Angle	67 degrees
Average Slope (Excluding Ramps)	55 degrees
Ramp Width - Two Way Traffic	25 meters
Ramp Grade - Two Way Traffic	10 percent
Ramp Width - Single Lane Traffic	18 meters
Ramp Grade - Single Lane Traffic	12 percent

The ramp out of the bottom of the HRA pit is 18 meters wide (single lane traffic, 12 percent grade). It ascends seven benches vertically (35 meters) and is approximately 290 meters long.

The ramp out of the bottom of the Penelas pit is 18 meters wide for the first six benches (single lane traffic, 12 percent grade). It then widens to 25 meters for the remaining benches (two-way traffic, 10 percent grade). It is approximately 2000 meters long and ascends 41 benches (205 meters). Conceptual design pits on plan view are presented as **Figure 14.14**. Grade model cross sections of the Historic Resource Area, Penelas and Paymaster zones within $1350/oz Au conceptual design pits are presented as **Figure 14.15**, **Figure 14.16** and **Figure 14.17**, respectively.

For additional details on these designs, refer to Section 16.

Figure 14.14: Bruner Conceptual Design Pits at $1350/oz Au

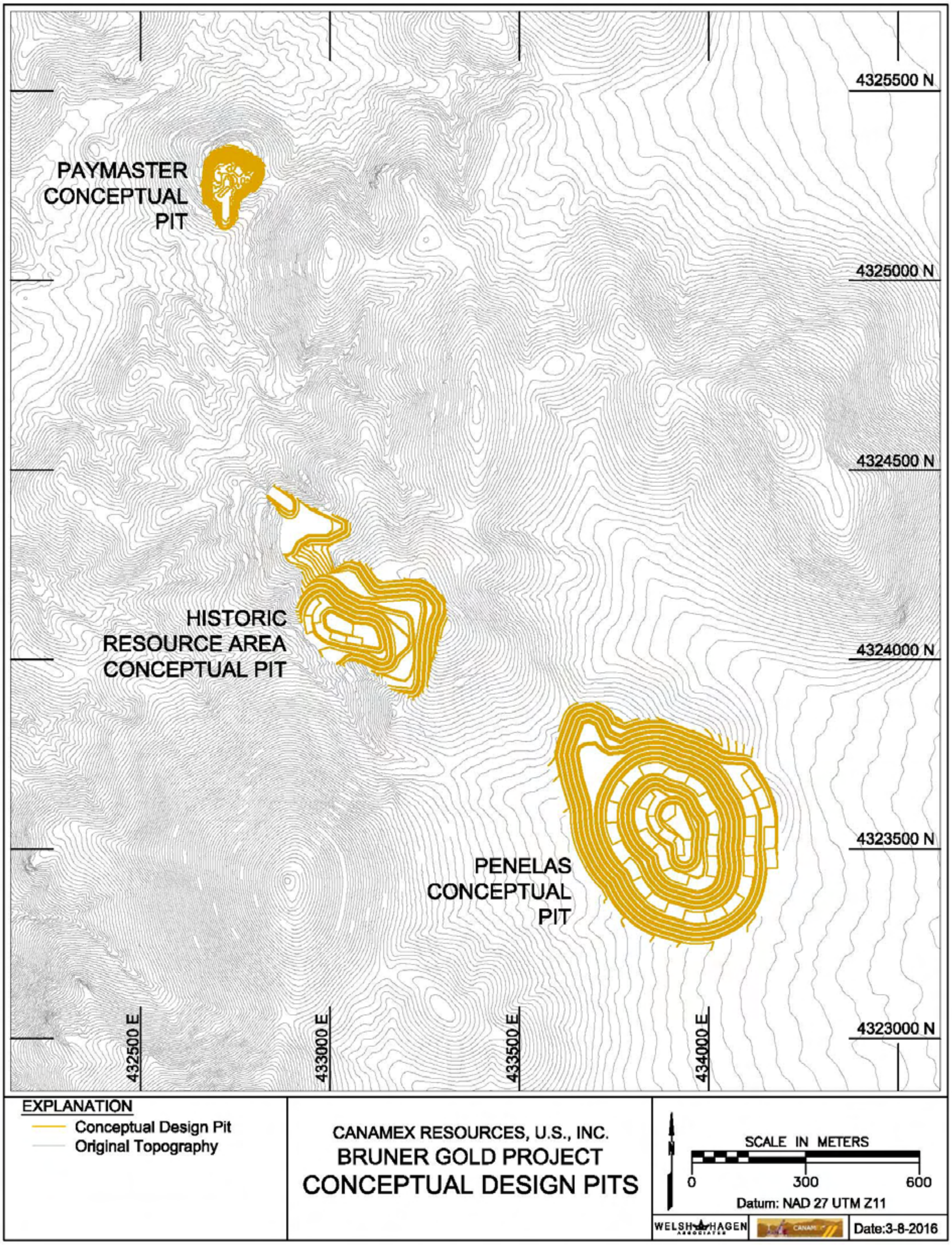


Figure 14.15: Grade Model Cross Section of the Historic Resource Area

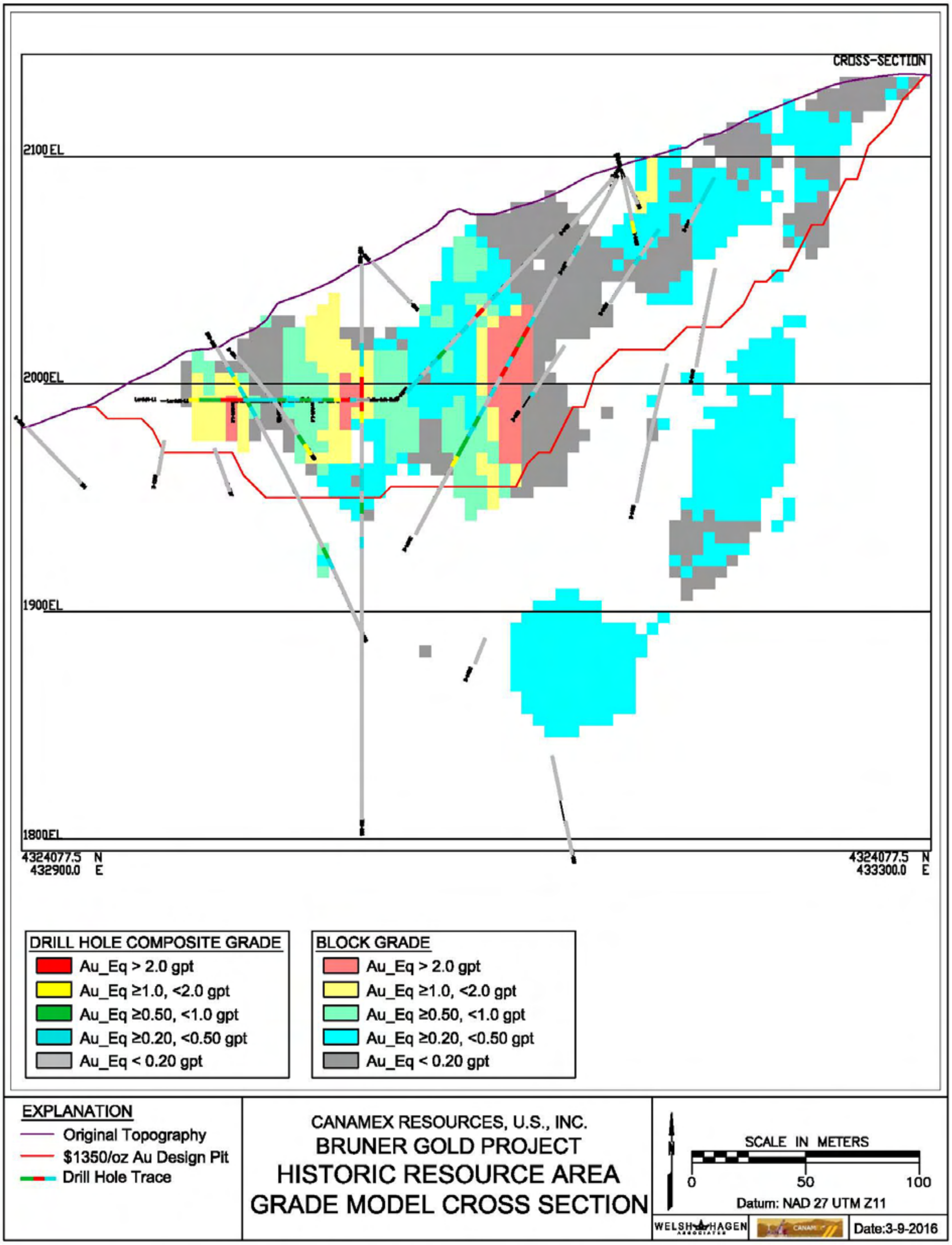


Figure 14.16: Grade Model Cross Section of the Penelas Zone

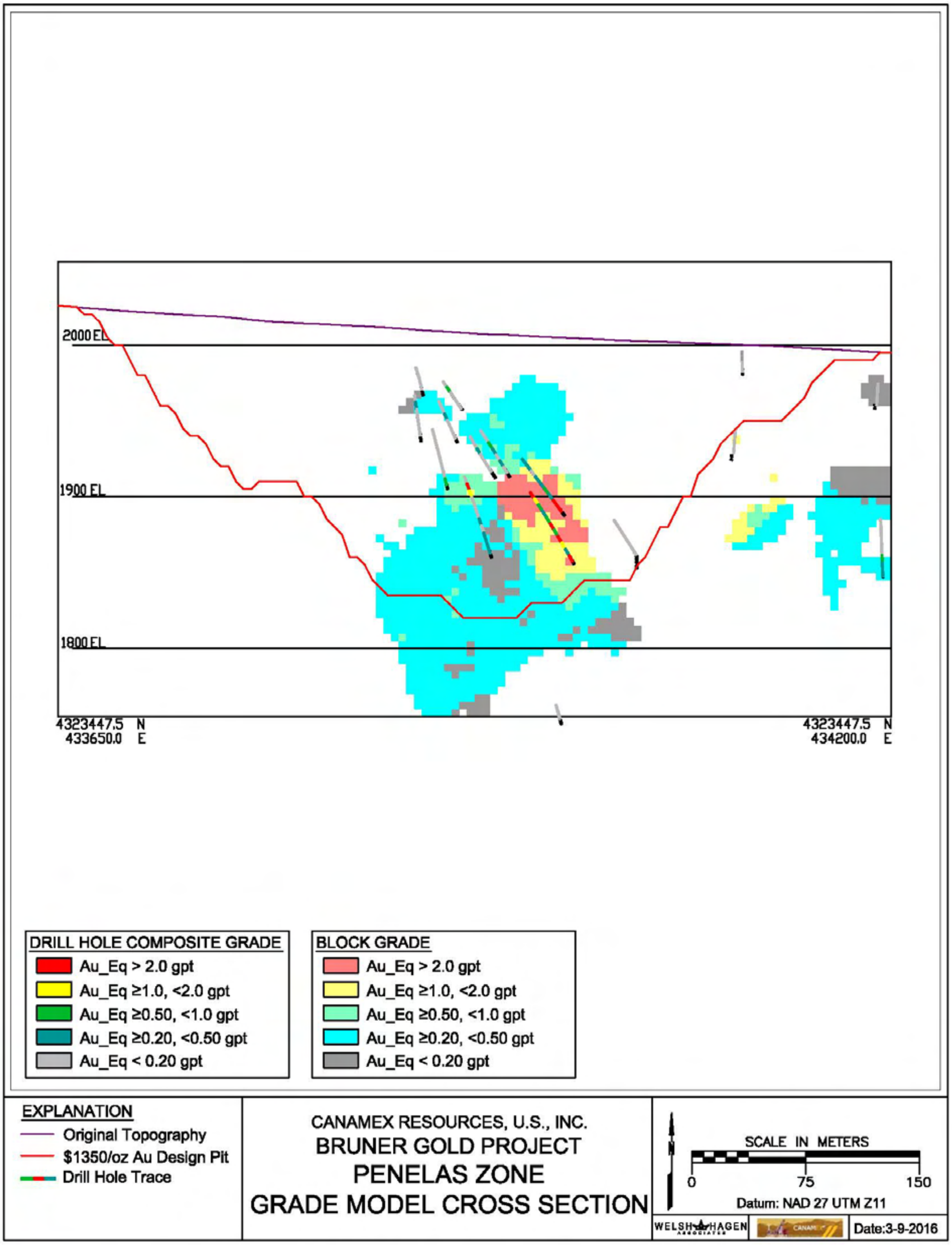
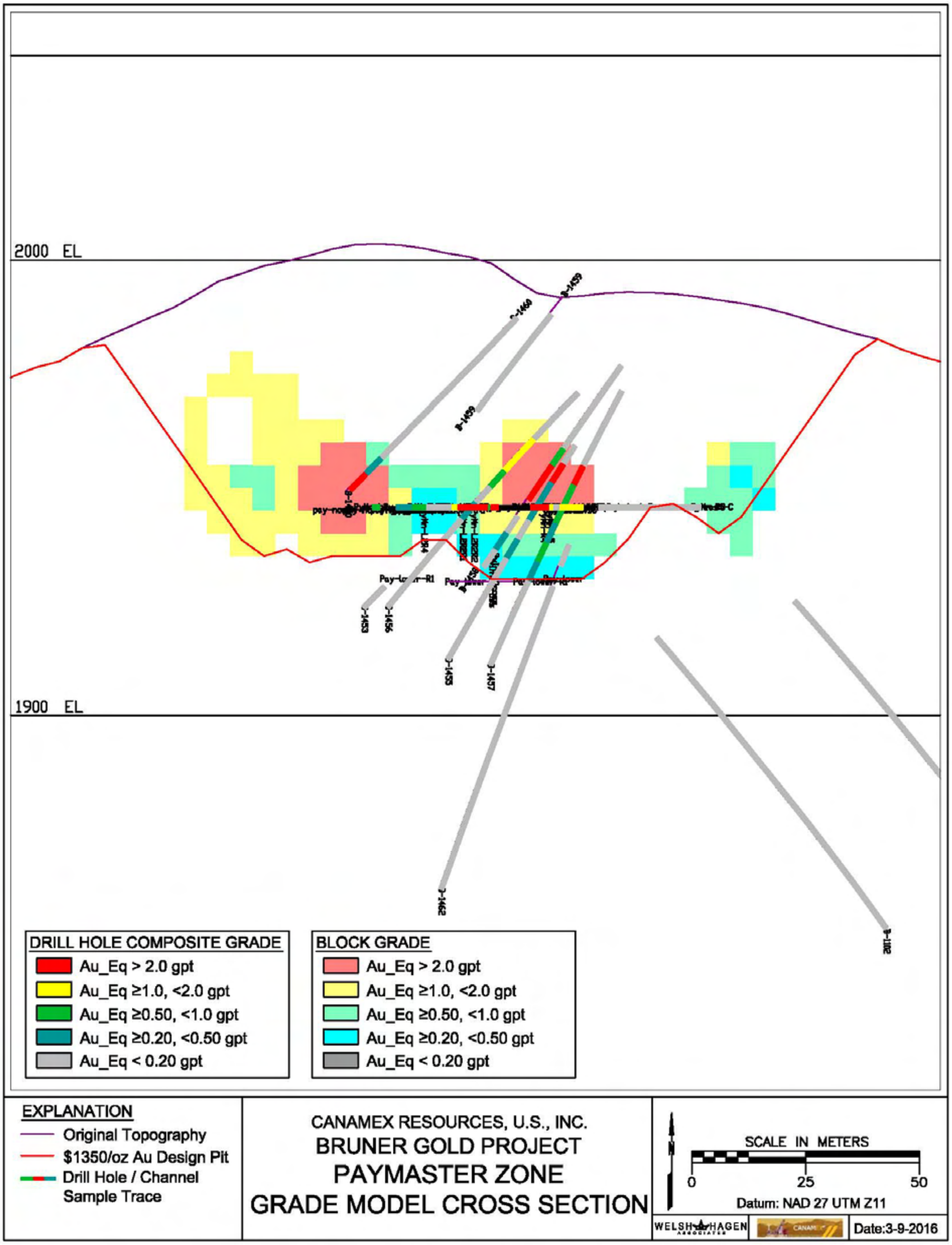


Figure 14.17: Grade Model Cross Section of the Paymaster Zone



14.12 General Comments and Suggestions

The models that have been created for Bruner are mathematical in nature and as such, do not incorporate structural or geologic controls. The models use the PACK method (indicator kriging) to construct a + 0.1 g/tonne Au zone. Then, the composite values that are contained within the zone are used to model block grades within that zone. The grade modeling treats the zone as one homogenous unit, with preferential directions of continuity being taken into account. As such, the model is providing an unbiased picture of the overall average grade within the PACK defined grade zone. However, it may not be providing the best representation of gold grades on a more localized basis.

When additional infill drilling is available, an effort should be made to define structural and geologic domains within the deposit. This is especially important with respect to the high grade assays that exist. Based on the underground workings that were viewed in the HRA zone, it appears that there are narrow zones of more highly fractured material that we were told (by the Canamex project geologist), carry the higher grade gold values. If possible, these zones should be identified and the influence of high grade composites within these structures should be limited to the structures themselves. Taking these steps should allow a better model of gold grade to be constructed on a local basis.

The usage of slope of the regression is an elegant mathematical approach to assigning resource categories to grade blocks. In general, section views displaying resource category and drill hole locations show a reasonable assignment of indicated and inferred material. WHA noticed that there are instances where a lone drill hole that is considerable distance away from any other drill hole is generating a small amount of indicated material in the shape of a narrow cylinder surrounding the drill hole. WHA recommends that for future resource calculations, an additional requirement should be added which requires there be at least two drill holes that are within a certain maximum distance that contribute to the grade calculation of a block, in order for that block to be considered indicated.

WHA recommends additional infill holes be drilled into the deeper Penelas zone, surrounding the two holes (B-1446C and B-1436) which currently define this zone. Additional drilling is also needed in the Paymaster zone, specifically near the current underground workings.

15.0 MINERAL RESERVE ESTIMATES

No mineral reserves are reported herein.

16.0 MINING METHODS

This section of the report describes the proposed mining methods and assumptions used in the PEA. The material conceptually considered for extraction in the PEA contains both indicated and inferred resources. The reader is cautioned that inferred mineral resources are considered too speculative geologically to have technical and economic considerations applied to them and mineral resources that are not mineral reserves do not have demonstrated economic viability.

The term “ore” generally implies that sufficient technical feasibility and economic viability studies have been completed to classify the material as mineral reserve. A Qualified Person has not done sufficient work to classify the mineral resource at the Bruner Gold Project as current mineral reserve and the issuer is not treating the mineral resource as mineral reserve. The term “ore” is used in this report section to describe mining methods in standard mining terms.

The mining operation is assumed to be a conventional open pit mine, with drill and blast rock breakage and truck and loader materials handling.

The global resource model described in Section 14 was the basis for developing three separate mined envelopes (pits) using the floating cone module in the MicroMODEL software package. The mine production schedule was based on an average of 7,500 Tonnes/day delivered to the crusher and lower grade ores being placed directly on the heap leach pad as Run-of-Mine (ROM) ore. The pits will be mined sequentially beginning at the Paymaster pit near the crusher and progressing southeasterly to the HRC and Penelas pits. The production schedule was constrained to produce a constant feed of mineralized material to the crusher and conveyor loading onto the heap leach pad. ROM ores will be stacked on the heap leach pad without crushing. The ratio of ROM ore to crushed ore may vary due to gold price, ore grade, crushing costs, and recovery projections. Based on the high leachability of the mineral deposits, it is probable that a high percentage of the ore will be placed as ROM ore. Some stockpiling of higher grade material may be required to balance the crusher feed rate.

16.1 Pit Design

No site specific geotechnical studies have been undertaken to date, other than the kinematic structural analysis completed by Dering (2014), and therefore pit slopes were based on reasonable assumptions and observation of nearby operating surface mines. An overall pit slope of 55° was used for pit optimization. This is typically an attainable pit slope in volcanic rocks for open pit mines in Nevada unless there are unfavorable faults, fracturing, or weak zones of alteration. Dering’s 2014 study supports a 55 degree pit slope for the Bruner property.

16.2 Pit Shape Determinations

Designed pits were generated for the HRA and Penelas areas. These designs were based on the $1350/oz Au floating cone shell limits. For the Paymaster area a $1350/oz Au shell was used, rather than a design pit. The Paymaster shell has a natural exit point to the south, which would only require a small amount of additional excavation for an exit ramp. Pit design parameters are shown on **Table 16.1**.

Table 16.1: Pit Design Parameters

Parameter	Value
Bench Height	5 meters
Catch Bench Width	5.5 meters
Double Benching. Catch Bench Every	10 meters
Highwall Face Angle	67 degrees
Average Slope (Excluding Ramps)	55 degrees
Ramp Width - Two Way Traffic	25 meters
Ramp Grade - Two Way Traffic	10 percent
Ramp Width - Single Lane Traffic	18 meters
Ramp Grade - Single Lane Traffic	12 percent

The ramp out of the bottom of the HRA pit is 18 meters wide (single lane traffic, 12 percent grade). It ascends seven benches vertically (35 meters) and is approximately 290 meters long.

The ramp out of the bottom of the Penelas pit is 18 meters wide for the first six benches (single lane traffic, 12 percent grade). It then widens to 25 meters for the remaining benches (two-way traffic, 10 percent grade). It is approximately 2000 meters long and ascends 41 benches (205 meters).

The conceptual pit resources and schedule for Bruner are presented in **Table 16.2**. Mineral resources within the pit volume were evaluated and scheduled out using an Excel spreadsheet. The average cutoff grade for the mine life of the potential mining project was 0.192 Au g/t for crushed ore and 0.117 g/t for ROM ore.

16.3 Mining Equipment

This PEA assumes that mining operations at Bruner will be performed by a contractor. There are several companies in Nevada that perform contract mining. Typically, a contract miner will provide drilling, blasting, loading, hauling and ancillary equipment to support the mining operation. Capital to purchase the mining equipment is not included in the capital cost estimates in Section 21; however these costs are reflected in higher operating costs as the mining is performed. The relatively short mine makes contract mining an economic and lower risk choice.

The contract haulage fleet will need to move approximately 7,500 tonnes per day of ore and approximately 30,000 tonnes per day of waste. This will likely be done with trucks in the 80 to 90 tonne range and appropriately sized wheel loaders. Ancillary equipment will include water trucks, dozer(s), grader(s), blast hole drills, a service truck, and a fuel/lube truck.

At the crusher, the Owner will provide a front-end loader to feed the crusher from the coarse ore stockpile when trucks are not direct dumping. A D-8 size dozer will also be needed on the heap leach pad to spread ROM ore and level the surface of the crushed ore for leaching.

16.4 Mining above Underground Workings

Historic underground mining has occurred in the mineralized areas considered in this PEA. This mining was generally performed manually by excavating drifts (tunnels) underneath the ore zones and selectively extracting the mineralized rock from underneath – creating an open man-made cave (stope). Sometimes, mine timbers were used to brace the sides of the drifts and stopes, but after several decades the timbers are no longer effective support. The unsupported openings often have no surface expression and may cave in if mining equipment gets too close.

Experience at numerous open pit mines in Nevada has shown that mining over historic underground mines can be performed safely without significantly disrupting the mining schedule; however the presence of underground workings requires additional safety precautions to avoid ground collapse under men or equipment. Typically, a blast hole drill is used to advance probe holes to a depth of 20 meters below a mining level to determine the presence of a mining cavity. When a cavity is located, additional probe holes are drilled to determine the extent of the cavity. Then a blasting plan is developed to fill the void with blasted rock prior to mining over the area. Mining usually be performed with a track excavator loading the haul trucks. If additional voids are exposed during mining, additional probing, drilling and blasting will be performed until the previous cavities are mined out and normal mining sequences can be resumed.

Table 16.2: Conceptual Production Schedule

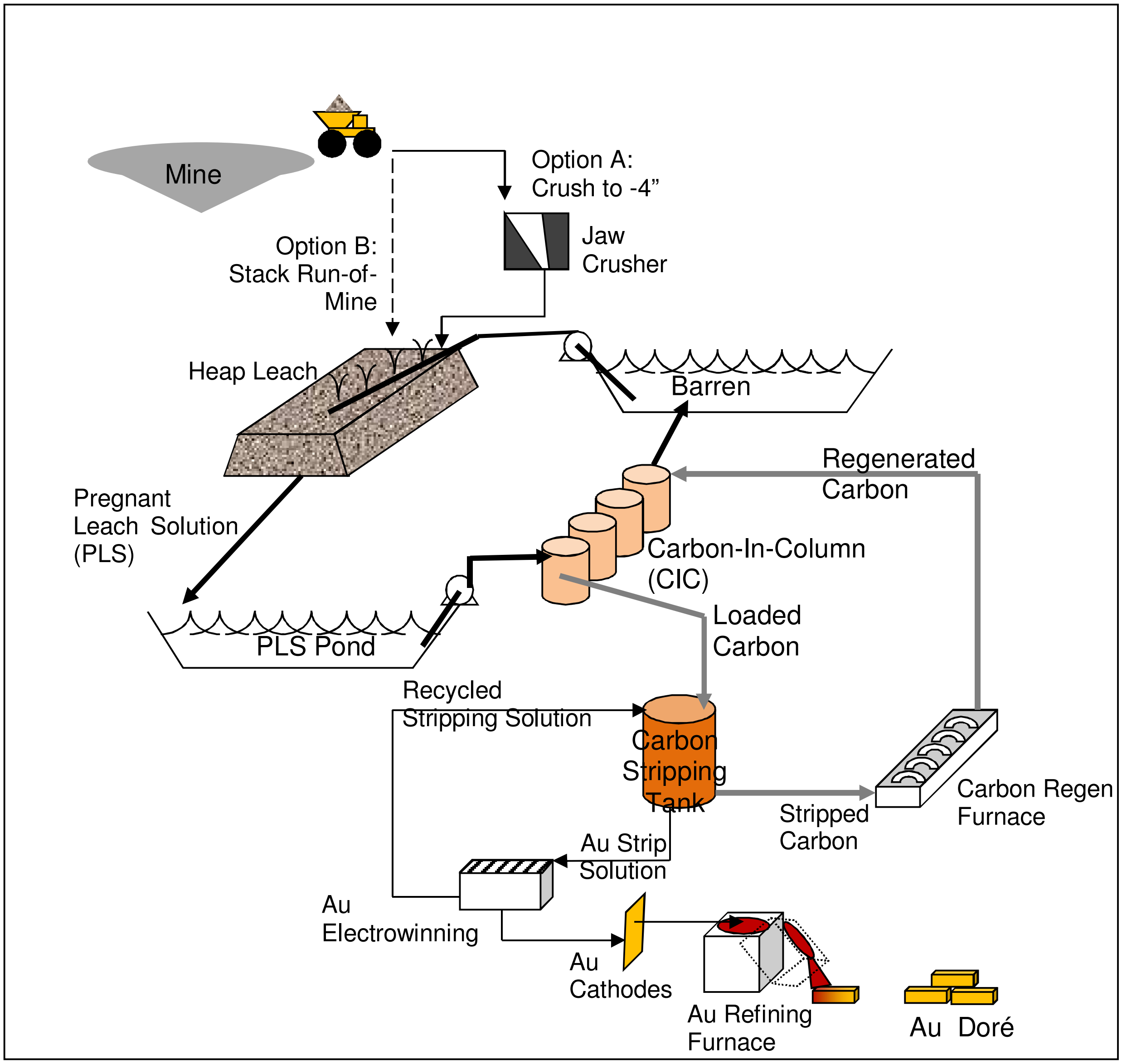
Year	1	2	3	4	5	6	Total
kTonnes Mined							
Crusher Material (Indicated)	1,681	2,361	1,613	2,323	2,359	1,542	**11,879**
gpt Au	0.50	0.79	0.54	0.68	0.47	0.94	0.65
cont oz Au	27,139	59,991	28,112	50,503	35,907	46,410	**248,062**
gpt Ag	6.57	8.70	3.94	5.98	4.55	5.03	5.92
cont oz Ag	354,918	660,742	204,101	446,484	345,225	249,400	**2,260,870**
ROM Material (Indicated)	737	699	285	96	245	52	**2,114**
gpt Au	0.16	0.16	0.16	0.17	0.16	0.17	**0.16**
cont oz Au	3,838	3,599	1,490	514	1,237	282	**10,960**
gpt Ag	3.13	4.73	1.99	4.32	3.34	5.60	**3.64**
cont oz Ag	74,051	106,341	18,263	13,328	26,280	9,370	**247,633**
Crusher Material (Inferred)	981	84	607	339	304	308	**2,623**
gpt Au	0.85	0.29	0.57	0.47	0.42	1.37	0.73
cont oz Au	26,687	775	11,061	5,123	4,107	13,587	**61,340**
gpt Ag	3.14	4.93	2.64	2.89	2.76	2.88	2.98
cont oz Ag	99,161	13,321	51,523	31,527	26,931	28,530	**250,993**
ROM Material (Inferred)	149	57	78	27	26	4	**341**
gpt Au	0.18	0.17	0.16	0.16	0.14	0.17	**0.17**
cont oz Au	846	311	408	139	117	22	**1,843**
gpt Ag	1.94	2.50	1.83	2.02	2.32	3.06	**2.05**
cont oz Ag	9,275	4,578	4,584	1,755	1,941	393	**22,526**
Total Leach Material Mined	3,550	3,200	2,600	2,800	2,950	1,900	**17,000**
gpt Au	0.51	0.63	0.49	0.63	0.44	0.99	**0.59**
cont oz Au	58,500	64,500	41,000	56,500	41,500	60,500	**323,000**
gpt Ag	4.72	7.65	3.34	5.49	4.23	4.72	**5.10**
cont oz Ag	539,000	787,000	279,000	494,000	401,500	288,500	**2,789,000**
Waste	3,850	2,100	29,200	20,600	3,100	700	**59,550**
Total Mined	7,400	5,300	31,800	23,400	6,050	2,600	**76,550**

17.0 RECOVERY METHODS

Based on proximity to surface, average grade and the results from preliminary metallurgical test work, the recovery methods anticipated to be most appropriate for the Bruner Gold Project are cyanide heap leach with carbon adsorption. A zinc precipitation (Merrill-Crowe) recovery process was not deemed to be needed due to the low silver recovery observed in the metallurgical testing results.

The process flow being considered for the Bruner property has been sketched in **Figure 17.1**. The process will use heap leaching with a standard "adsorption-desorption-recovery" (ADR) process for recovering the solubilized gold (and silver) from the leach solutions. As shown in **Figure 17.1**, option A would be to install a jaw crusher to crush the ore to a nominal 4-inch size prior to loading it onto the heap pad; option B would be to haul "run-of-mine" ore directly to the heap. The cyanide solution from the Barren Pond is percolated through the heap to create the Pregnant Leach Solution (PLS) that is collected at the bottom of the heap. The PLS is then pumped through activated carbon in a series of Carbon-in-Column (CIC) tanks to adsorb the cyanide soluble precious metal from the PLS. The solution from the CIC will report to the barren pond to be recycled back to the heap. The loaded carbon is sent to a Carbon Stripping Tank so that the gold (and silver) can be extracted from the carbon into the gold Strip Solution. The stripped carbon is regenerated in a furnace and recycled back to the CIC circuit; the Au Strip Solution is sent through an electrowinning cell to plate the precious metals on cathodes. These cathodes (typically made of steel wool) are then melted in a refining furnace, and the doré is cast into molds for shipping off-property.

Figure 17.1: Process Flow Sheet for the Recovery of Au and Ag



18.0 PROJECT INFRASTRUCTURE

The Bruner project is located with good access to roads, power, pro-mining communities and is topographically suitable for building heap leach pads and support facilities.

18.1 Access

The Bruner property is located approximately 19 miles by road from Gabbs, Nevada on State and County Roads. The most prominent access is by travelling northwest from Gabbs 3.5 miles on Nevada Route 361 and turning northeast onto the Lodi Valley County Road. This is an improved gravel road that turns northerly after about 4 miles and should be followed north an additional 8 miles to an unimproved County road, the North Paradise Road (# 991940). The North Paradise Road is accessed by turning to the east/northeast and travelling 3.5 miles to the mine property. The existing road is a legacy access road to the mines at the north end of the Paradise Mountains and will be upgraded to provide all-weather access to the mine.

Alternative access routes are available to the Bruner mine property from the Ione Valley to the east, from Eastgate to the north, and via the Quartz Mountain road to the west. These roads are intermittently maintained by the counties and will not be maintained as normal access routes to the Bruner property.

18.2 Power

High voltage grid power is available near the Premier Magnesite Mine facility at Gabbs – approximately 13 miles from the project. A new power line is planned for the Bruner mine. A kva rating for the power line will be selected by NV Energy based on the results of a future power study that will need to be conducted prior to permitting and construction. The right-of-way alignment for the power line will also be selected by the NV Energy but is expected to generally follow the access roads to the property. A standby generator will be provided at the mine site to operate pumps in the case of power supply interruptions.

18.3 Water Supply

Water for processing and dust control will be supplied from a new well in the Lodi valley and an existing well in the Ione Valley. Water rights have been granted by Nevada State Engineer for the existing well and the new well which is scheduled to be drilled in 2016. The combined water rights will total 354 gallons per minute on an annual basis which will be sufficient for the size of operation contemplated at Bruner.

18.4 Personnel

The Bruner property is located in an area with that has historically supported multiple open pit mining operations providing access to skilled personnel. The closest community to the project is Gabbs which has a population of 600 people. Within 70 miles the largest communities are:

- Fallon, NV. - a 70 mile drive northwest with a population of 8,000 people.
- Hawthorne, NV. – a 65 mile drive southwest with a population of 3,400 people.
- Austin, NV. - a 50 mile drive northeast with a population of 50 people

Between the towns, numerous small villages support families who work at mining and ranching. As mines come and go in Nevada, miners move or commute to the work. An average miner in Nevada makes in excess of $75,000/year which provides incentive to travel to the more remote job locations.

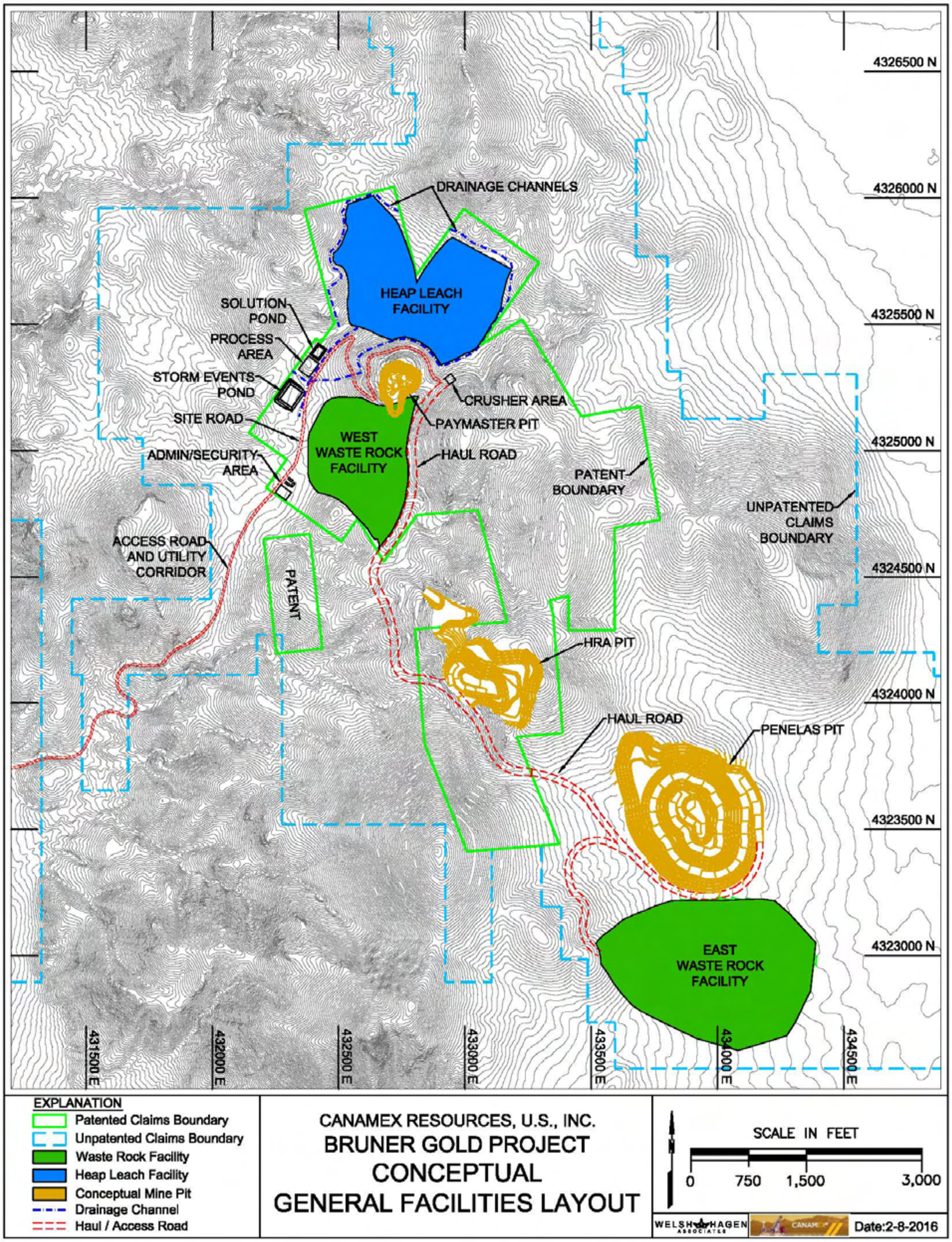
18.5 Heap Leach Pad

The heap leach facility will consist of a synthetically lined pad for stacking ore and lined ponds for solution containment located on patented land. Initially a 1.2 million square foot leach pad will be constructed on patented claims immediately north of the Paymaster open pit. The leach pad will be a valley-fill pad which will utilize the side slopes of the valley to contain the ore. After the second year of operation the pad will be expanded up the slopes to provide additional capacity. The total capacity of the heap leach pad site is in excess of 15 million tonnes of mineralized material (**Figure 18.1**).

18.6 Waste Rock Storage

Waste rock will be stored in two disposal facilities. The initial waste rock facility will be in a valley immediately south of the Paymaster pit and approximately 0.5 miles north of the HRC pit on patented land. A portion of the overburden from the HRC pit will be used to construct a haul road to the crusher site. Overburden and mine waste rock from the Penelas pit will be placed in a second disposal facility immediately south of that pit. These facilities will be constructed with an overall slope angle of 2.5:1 with internal benches at 40^{o}. The conceptual layout of the waste rock disposal sites is shown in **Figure 18.1**.

Figure 18.1: Conceptual General Facilities Layout



19.0 MARKET STUDIES AND CONTRACTS

19.1 Market Studies

This report assumes that gold and silver bearing doré will be produced on site at Bruner and then shipped to a refinery such as Johnson Matthey's refining facility in Salt Lake City, Utah, where it will be refined into saleable gold and silver bullion. Carbon stripping and refining charges have been considered in the economic analysis set out in Section 22.

Prices for precious metals fluctuate due to changes in perceived values relative to a specific currency. An assumed price of US$1250/ounce of gold and $15/ounce of silver in the economic analyses presented in this document as the average sales price over the life of the mine. Spot prices may be higher or lower at the time of sale. Silver price fluctuations have negligible impact on this project due to the minor amount of silver that is leachable in the rock tested from Bruner samples.

19.2 Contracts

No contracts are finalized or in place at this time.

Canamex would most likely utilize contractors during the construction phase of the project and a mining contractor for overburden removal and ore mining.

Equipment supply contracts will include the processing facility, crusher, laboratory, and Owner-supplied mobile equipment for use at the crusher and leach pad. A standby generator will be leased or purchased by the mine.

Additional contracts may include those for transporting the doré to the refinery and a contract with the refinery.

20.0 ENVIRONMENTAL STUDIES, PERMITTING AND SOCIAL OR COMMUNITY IMPACT

The description of Environmental Studies, Permitting and Social or Community Impact has been modified from Tanaka (2015). WHA has updated the description to include new material information on the subject.

The project includes proposed exploration and potential future mining initially on patented mining claims (i.e. private land) and subsequently on adjacent lode mining claims on public U.S. Bureau of Land Management (BLM) lands. Proposed exploration and production would include the development of deposits on both private and public BLM lands; thus, discussion herein related to permitting and environmental compliance reflects the requirements for development on both private and BLM lands.

20.1 State of Nevada Required Permits and Statutes

Development on the project patented claims is regulated by the State of Nevada. The regulatory permitting requirements of the State are primarily administered by several bureaus of the Nevada Division of Environmental Protection (NDEP). The NDEP bureaus likely to have regulatory oversight of the project include the Bureau of Mining Regulation and Reclamation (BMRR), the Bureau of Water Pollution Control (BWPC), and the Bureau of Air Pollution Control (BAPC). These bureaus work cooperatively to ensure mining activities in Nevada are compliant with the Clean Water Act (CWA), the Clean Air Act (CAA), and several other federal and state statutes. The potential permits and plans that each NDEP bureau will potentially require and the statute mandating each permit are listed below and shown on **Table 20.1**. The potential permits are based on the activities proposed by Canamex at this time.

Bureau of Mining Regulation and Reclamation (BMRR)

- Water Pollution Control Permit – required by Sections 445A.300 through 445A.730 of the Nevada Revised Statutes (NRS) and Sections 445A.350 through 445A.447 of the Nevada Administrative Code (NAC);
- Notice of Intent (NOI) for exploration (disturbance less than 5 acres) – required by Sections 519A.160 of the NRS and 519A.410 of the NAC;
- Reclamation Permit (disturbance more than 5 acres) – required by Sections 519A.010 through 519A.405 of the NRS and Sections 519A.120 through 519A.345 of the NAC.

Bureau of Water Pollution Control (BWPC)

- Notice of Intent for Storm Water Discharges under a National Pollutant Discharge Elimination System (NPDES) General Permit (Storm Water Permit) and associated Storm Water Pollution Prevention Plan (SWPPP) – required by the CWA and Sections 445A.300 through 445A.730 of the NRS;

- Spill Prevention, Control and Countermeasures Plan (SPCC Plan) – required by the CWA.

Bureau of Air Pollution Control (BAPC)

- Facilities Operating Permit (Air Quality Permit) – required by the CAA (42 USC §7401 et seq.) and by Nevada air quality rules and regulations (Chapters 445B of the NRS and 445B of the NAC);
- Surface Area Disturbance Permit and Dust Control Plan – required by the CAA and by Nevada air quality rules and regulations.

In accordance with state law, Canamex must post reclamation surety with NDEP before development on the project patented claims would be authorized. A reclamation cost estimate must be prepared and submitted to the NDEP in order to quantify the amount of the surety bond required. Once a cost is calculated and a reclamation surety is posted, the amount of the surety must be reviewed at least once every three years thereafter to determine if it is still adequate for reclamation costs with inflation considered. The NDEP accepts several instruments for reclamation surety, including surety bonds, cash, certified checks or bank drafts, irrevocable letters of credit, and certificates of deposit.

Development of the project patented claims must also comply with Nye County regulations which require a Special Use Permit (SUP) for mining activities at the Project area. In accordance with the requirement, Canamex must apply for and obtain a SUP before mining could commence on the project patented claims. Under normal conditions, issuance of a SUP may require up to 180 days from the date the application is filed.

20.1.1 BLM Federal Authorizations

The BLM authorizes mining on public or mixed public/private land as required by the 43 Code of Federal Regulations Subpart 3809. In accordance with 43 Code of Federal Regulations Subpart 3809, future mining on the project unpatented claims would require Canamex to submit a Plan of Operations (PoO) for review by the BLM, Stillwater Field Office of the Carson City District and the NDEP-BMRR. The PoO will include the activities proposed on the unpatented and patented claims, and will serve as an overall plan for the entire project. Following their review, the BLM will determine whether an Environmental Assessment (EA) or an Environmental Impact Statement (EIS) is required for compliance with the National Environmental Policy Act of 1969 (NEPA). The EA or EIS will be prepared in accordance with BLM guidelines, NEPA, and the Council on Environmental Quality (CEQ) regulations (40 CFR 1500-1508) for implementing NEPA. Since the EA or EIS will analyze the activities proposed in the PoO, the NEPA analysis will include the activities proposed on the unpatented claims and the activities occurring or proposed on the patented claims. Federal authorizations that will be required for development on public lands are listed on **Table 20.1**.

Table 20.1: Summary of Major Permits Required

Agency	Permit Name	Permit Number
Nevada Division of Environmental Protection		
Bureau of Mining Regulation and Reclamation	Water Pollution Control Permit Reclamation Permit (Mining and Exploration)	Not submitted or received
Bureau of Air Pollution Control	Class II Permit to Operate	Not submitted or received
Nevada Division of Water Resources		
State Engineer	Permit to Appropriate Water	Nos. 83723
Nevada Department of Wildlife		
	Industrial Artificial Pond Permit	Not submitted or received
Federal Authorizations		
Bureau of Land Management – Stillwater Field Office	Decision Record/Finding of No Significant Impact	Not submitted or received
Bureau of Alcohol, Tobacco, Firearms, and Explosives	Authorization to store and use explosives	Would be held by contractor
Environmental Protection Agency	Hazardous Waste ID No. (large quantity generator)	Not submitted or received

The anticipated timeline for completion of an EA is 9 to 12 months and an EIS may take 2 to 4-years after development of the PoO; however, several operational specifications are yet to be determined for the proposed project operations. Once currently undetermined operational specifications are decided upon, the impacts of the project may become larger or affect additional lands administered by the BLM. In such an event, the EA or EIS may require a lengthier period to complete. The pertinent regulatory agencies, regulations, and permits that will ultimately be required for construction and operation of the proposed project will be identified when all operational procedures and specifications have been determined by Canamex. A limited amount of exploration may occur prior to an EA, with appropriate notification and assessment, and with the approval of the BLM.

In addition to NEPA, the BLM must also ensure the project is compliant with other federal statutes, including the Endangered Species Act (ESA), the National Historic Preservation Act (NHPA) and all applicable federal orders, directives, and regulations pertaining to the development of BLM lands. Compliance with the applicable federal statutes and regulations must be considered in the NEPA analysis. Wildlife and plant surveys will need to be completed in the unpatented portions of the project area.

A Class III Cultural Resource Assessment will need to be conducted within the project area boundary and findings submitted to the Nevada State Historic Preservation Office (SHPO) for concurrence. Any resources determined to be significant by SHPO will be managed through avoidance or approved mitigation during development.

The culmination of the EA process, following other federal agency and public review and comment, may result in a Finding of No Significant Impact (FONSI) and subsequent approval of the Plan of Operations by the BLM. If the BLM determines that there would be a significant impact due to the proposed mining operation Canamex will be required to complete an EIS. The culmination of the EIS process would most likely result in a Record of Decision (ROD) and subsequent approval of the Plan of Operations by the BLM.

A reclamation surety that is adequate for the reclamation of the entire project, which includes development of the patented and unpatented claims, must be posted before Canamex would be authorized to proceed with mining activities.

20.2 Environmental Permitting Status

The Bruner Gold Project is still in the exploration stage, and with the exception of Canamex's acquisition of water rights, the only permitting activity that has been undertaken to date is for exploration drilling.

The Company submitted a Notice of Intent (NOI) to the BLM in 2011 to perform exploration drilling on unpatented lode mining claims that lie on BLM-administered federal lands. The NOI was approved in November 2011, for a 2-year period of time, and covers planned disturbances associated with drill holes from 18 proposed drill hole locations, covering an initial estimated disturbance of 2.53 acres. The Company has amended the NOI three times since it was approved, primarily by swapping certain proposed locations for new locations. Disturbance created to date remains at approximately 2 acres, well below the 5-acre disturbance limit of the Notice of Intent level of activity.

In September 2015 Canamex received a 2-year extension to its Notice of Intent with the Bureau of Land Management ("BLM") for exploration drilling on unpatented mining claims covering the Penelas resource area extending the Notice of Intent permit through September 15, 2017. The Notice of Intent permit with the BLM covers disturbance created to establish drill road access and drill sites at the Penelas resource area. The Company has a cash bond in place in the amount of US$13,409 to cover reclamation for up to 2.06 acres of permitted disturbance. To date the company has built sixteen (16) out of nineteen (19) permitted drill sites and re-contoured and re-seeded nine (9) of those sites, leaving a balance of 12 sites available to be built under the existing bond amount.

The Company limits the amount of surface disturbance associated with access road and drill site preparation by drilling multiple holes in radiating fans from individual drill pads. The Company can likely continue to drill up to another 50 holes on unpatented lode mining claims on BLM-administered federal land under the Notice of Intent before it will exceed the 5–acre limitation on disturbance, at which time it will need to prepare and submit a Plan of Operations.

Meanwhile the Company reclaims drill sites as they are completed, in anticipation of getting credit for this reclamation in reducing the amount of outstanding disturbed acreage.

Drilling is performed on patented lode mining claims (fee land) by utilizing existing disturbances (roads and pads) and not increasing the amount of disturbance on fee lands. Proposed drill hole locations are submitted to the State of Nevada prior to commencement of drilling. A State of Nevada mines inspector occasionally visits the property to make sure the Company is complying with all State of Nevada safety practices and procedures.

20.2.1 Water Supply Permits

Canamex has permitted with the state of Nevada Division of Water Resources and the BLM re-drilling of an abandoned water supply well located at the east end of the property and for which it has water rights via the option to purchase the patented claims portion of the Bruner property. The Company needs to post an additional bond of $1,700 for pad disturbance before commencing drilling of the new well, which it intends to do in the spring or summer of 2016.

In April 2014 the Company acquired from the Nevada Division of Water Resources rights to 350 gallons per minute water for mineral processing and dust suppression. This is in addition to 4 gallons per minute annual water rights and well location that come with the patented claims on the property. Together, the combined 354 gallons per minute water rights should be sufficient for supporting up to 10,000 tons per day heap leach and processing operation. The water rights for 350 gallons per minute were granted on December 30, 2014, and are valid until December 31, 2030.

20.3 Community Impact

The Bruner property is located at the northern end of the Paradise Range, and is remote from local communities, ranches, or residences. The town of Gabbs is located about 14 miles (20 kilometers) to the southwest, and is the nearest community. Gabbs is the local support center for the Premier Magnesium open pit mine and processing facility, which is located immediately outside of the town of Gabbs. The town of Gabbs relies on the economic benefits derived from employment at the Premier Magnesium operation and supports mining. Gabbs would be the closest community to support development of the Bruner property. The Company utilizes service providers from the town of Gabbs and purchases water to support exploration drilling operations from the town of Gabbs, and has a good working relationship with the community. The next nearest community is Middlegate Station, located approximately 40 miles from the Bruner property, where the Company maintains an office trailer and seasonal residences in the local motel, and maintains a good working relationship with the owners and patrons of Middlegate Station.

21.0 CAPITAL AND OPERATING COSTS

Capital and operating costs have been estimated for the Bruner Gold Project. These costs were developed to support a projected cash flow for the operation, which assesses the Project's economic viability. Capital cost estimates are based on the PEA scenario developed and address the engineering, procurement, construction and start-up of the mine and processing facilities, as well as ongoing sustaining capital costs. Operating cost estimates include the cost of mining, processing, waste management, reclamation, and related general and administrative (G&A) services.

The capital and operating cost estimates were developed for a conventional open pit mine, heap leach process facility using adsorption-desorption-recovery (ADR) recovery, and supporting infrastructure.

Cost accuracy is estimated to be + or – 35%. All costs are estimated in United States dollars (US$) as of Q1 2016, without escalation for inflation and, unless otherwise stated, are referred to as "$".

21.1 Capital Costs

The construction capital cost consists of costs associated with project construction which is assumed to begin in year -1, prior to production. Sunk costs associated with Feasibility Studies, permitting and finance is not included in the evaluation. The construction capital costs include direct costs, indirect costs, Owner's costs and contingency. Direct capital cost includes the initial heap leach pad construction, ADR plant and refinery, infrastructure buildings and services, site roads, and any mobile equipment. Indirect costs included Engineering, Procurement and Construction Management (EPCM). Owner's cost includes an allowance for property maintenance and development of management team and workforce, and the training of the workforce. Capital costs were developed based on scaling costs from similar facilities for production rates and from design basis assumptions including a contractor operated mining fleet. These ounces are assumed to be recovered after two years. The estimated life of mine capital costs for the base case is summarized in **Table 21.1**.

Table 21.1: Estimated Life of Mine Capital Costs

Cost	US$	Initial	Sustaining
Mining			
	Waste Rock Disposal	$ 4,199,000	$ 11,147,000
	Haul Roads	$ 1,500,000	
Process			
	ADR Plant	$ 2,292,000	
	Leach Pad	$ 3,421,000	$ 2,096,000
	Crusher	$ 2,258,000	
	Conveyor, Stacking, Lime silo	$ 2,771,000	
	Mobile Equipment	$ 2,270,000	
	Process Facilities	$ 1,576,000	
Indirect			
	EPCM	$ 2,014,000	
	Owner Costs	$ 3,000,000	
	Royalty buy out	$ 1,000,000	
	Site and facility	$ 3,845,000	
	Contingency	$ 3,279,000	$ 1,986,000
Salvage			$ (1,100,000)
Total		$ 33,425,000	$ 14,129,000

21.2 Operating Costs

Operating cost assumptions were based on similar scale surface mining operations using heap leach processing in northern Nevada, and process cost estimates for key consumables based on the available metallurgical test data, power consumption data and prevailing costs for key materials in similar Nevada mining operations. Reclamation cost is consistent with the projected scale of the mining operation. More definitive estimates will require detail design of the facilities Operating cost assumptions per tonne of material processed are summarized as follows:

Table 21.2: Estimated Operating Costs

Category	US$ per metric tonne processed
Mining	$ 2.33
Crushing/Conveying	$ 1.10
Leaching	$ 1.59
G&A	$ 0.95
Reclamation	$ 0.15
Total	$ 6.12

22.0 ECONOMIC ANALYSIS

The economic analysis is based on production schedules that include Inferred Mineral Resources, which are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as Mineral Reserves. There is no certainty that the PEA forecast will be realized or that Inferred Mineral Resources will ever be upgraded to Reserves. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability.

22.1 Economic Performance

Mining physicals in the production schedule were used with unit operating cost assumptions from Section 21 to calculate annual operating costs. Capital costs were input on an annual basis using a conceptual schedule for construction in year -1, followed by sustaining capital over the six year mine life plus two more years of leaching. In order to simulate a heap leach environment approximately 10% to 15% of the total recovered ounces placed on the leach pad remain in heap leach inventory each year. These inventoried ounces are recovered over a two year period of time following cessation of mining. Cash flow assumptions are listed in **Table 22.1**.

Table 22.1: Cash Flow Assumptions

Cash Flow Assumptions			
Metal Prices			
Gold	US$/oz	$	1,250
Silver	US$/oz	$	15
Capital			
Initial	US$ (M)	$	35.4
Sustaining	US$ (M)	$	13.2
Crushing rate	tonnes/day		7,500
Recovery			
Gold	Crush / ROM		90% / 75%
Silver	Crush & ROM		10%

At a gold price of US$1250 per ounce and a silver price of $15 per ounce, the base case has a US$84.4 million pre-tax net cash flow, a US$61.0 million net present value (NPV) at a 5% discount rate, and an internal rate of return (IRR) of 42.1%. The base case has a US$80.7 million after-tax net cash flow, a US$54.9 million NPV at a 5% discount rate, and IRR of 39.0%. Cash flow is shown on **Table 22.2**.

Table 22.2: Cash Flow of Entire Project

		Year	-1	1	2	3	4	5	6	7	8
	Unit	Total									
Ore Production											
Produced Au	oz	288,100		44,200	51,840	40,830	51,300	36,970	53,840	3,700	5,420
Produced Ag	oz	278,100		45,640	66,700	31,690	53,700	38,170	31,880	6,000	4,320
Au Sales	US$m	$ 360.1		$ 55.3	$ 64.8	$ 51.0	$ 64.1	$ 46.2	$ 67.3	$ 4.6	$ 6.8
Ag Sales	US$m	$ 4.2		$ 0.7	$ 1.0	$ 0.5	$ 0.8	$ 0.6	$ 0.5	$ 0.1	$ 0.1
Royalty	US$m	$ 3.0		$ 0.3	$ 0.3	$ 0.5	$ 0.6	$ 0.5	$ 0.7	$ 0.0	$ 0.1
		$ 370.8									
Cash Costs											
Pit Waste Mining	US$m	$ 127.4	$ -	$ 8.3	$ 4.9	$ 57.3	$ 48.0	$ 7.2	$ 1.6	$ -	$ -
Pit Ore Mining	US$m	$ 39.5	$ -	$ 8.3	$ 7.5	$ 6.0	$ 6.5	$ 6.8	$ 4.4	$ -	$ -
Leach Pad Processing	US$m	$ 27.5	$ -	$ 5.6	$ 5.1	$ 4.1	$ 4.4	$ 4.7	$ 3.0	$ 0.3	$ 0.3
Crush Processing	US$m	$ 16.0	$ -	$ 2.9	$ 2.7	$ 2.4	$ 2.9	$ 2.9	$ 2.0	$ -	$ -
G&A	US$m	$ 16.4	$ -	$ 3.4	$ 3.0	$ 2.5	$ 2.6	$ 2.8	$ 1.8	$ 0.2	$ 0.2
Enviromental & Reclamation	US$m	$ 2.5	$ -	$ 0.2	$ 0.2	$ 1.0	$ 0.8	$ 0.2	$ 0.1	$ 0.0	$ 0.0
Total Cash Cost	US$m	$ 229.3	$ -	$ 28.7	$ 23.4	$ 73.4	$ 65.3	$ 24.6	$ 13.0	$ 0.4	$ 0.4
Cash Cost per Au Ounce	$/oz	$ 796	$ -	$ 650	$ 451	$ 1,797	$ 1,273	$ 667	$ 241	$ 113	$ 77
		$ 454.2									
Capital Expenditure											
Initial	US$m	$ 30.1	$ 30.1	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Sustaining Capital	US$m	$ 13.2	$ -	$ -	$ -	$ 13.0	$ -	$ 0.2	$ -	$ -	$ -
Contingency	US$m	$ 5.3	$ 3.3	$ -	$ -	$ 2.0	$ -	$ 0.0	$ -	$ -	$ -
Working Capital	US$m	$ 7.2		$ 7.2							
Salvage	US$m										$ (1.1)
Working Capital Recovery	US$m	$ (7.2)							$ (7.2)		
Total Capital Cost	US$m	$ 47.5	$ 33.4	$ 7.2	$ -	$ 15.0	$ -	$ 0.2	$ (7.2)	$ -	$ (1.1)
PROFIT & LOSS SUMMARY											
Sales revenue	US$m	$ 361.3	$ -	$ 55.7	$ 65.5	$ 51.0	$ 64.3	$ 46.3	$ 67.1	$ 4.7	$ 6.8
Operating costs	US$m	$ 229.3	$ -	$ 28.7	$ 23.4	$ 73.4	$ 65.3	$ 24.6	$ 13.0	$ 0.4	$ 0.4
Taxes	US$m	$ (3.9)	$ -	$ -	$ (3.9)	$ -	$ -	$ -	$ -	$ -	$ -
Net Cash Flow Before Tax	US$m	$ 84.4	$ (33.4)	$ 19.7	$ 42.1	$ (37.4)	$ (1.0)	$ 21.5	$ 61.3	$ 4.3	$ 7.5
Cumulative Cash Flow	US$m		$ (33.4)	$ (13.7)	$ 28.4	$ (9.0)	$ (10.0)	$ 11.5	$ 72.7	$ 77.0	$ 84.4
Net Cash Flow After Tax	US$m	$ 80.7	$ (33.4)	$ 19.7	$ 38.2	$ (37.4)	$ (1.0)	$ 21.5	$ 61.3	$ 4.3	$ 7.5
Cumulative Cash Flow	US$m		$ (33.4)	$ (13.7)	$ 24.5	$ (12.9)	$ (13.9)	$ 7.6	$ 68.9	$ 73.2	$ 80.7

Before Tax

NPV	US$m	5.0%	$61.0
IRR			42.1%

After Tax

NPV	US$m	5.0%	$54.9
IRR			39.0%

22.2 Sensitivities for Entire Project

Graphical presentations of the pre-tax sensitivity are shown in **Figure 22.1** which show the change in IRR for proportional changes of operating cost, capital cost and gold price assumptions around the base case (100%), and in **Figure 22.2** which show the change in NPV @ 5% for proportional changes in operating cost, capital cost and gold price assumptions around the base case (100%). The sensitivity analysis indicates that the project economic performance is most sensitive to gold price over the range of 75% to 125% in gold price.

The pre-tax sensitivity of projected economic performance has been evaluated over a range of gold price assumptions between US$937.50 – US$ 1,562.50 per ounce (silver price constant – US$15.00 per ounce) and the results are listed in **Table 22.3.** Pre-tax sensitivity to operating cost and capital cost were investigated over a range of 75% - 125% of the base case assumptions, and are listed in **Tables 22.4**, **22.5,** respectively.

Figure 22.1: IRR Pre-tax Sensitivities for Entire Project

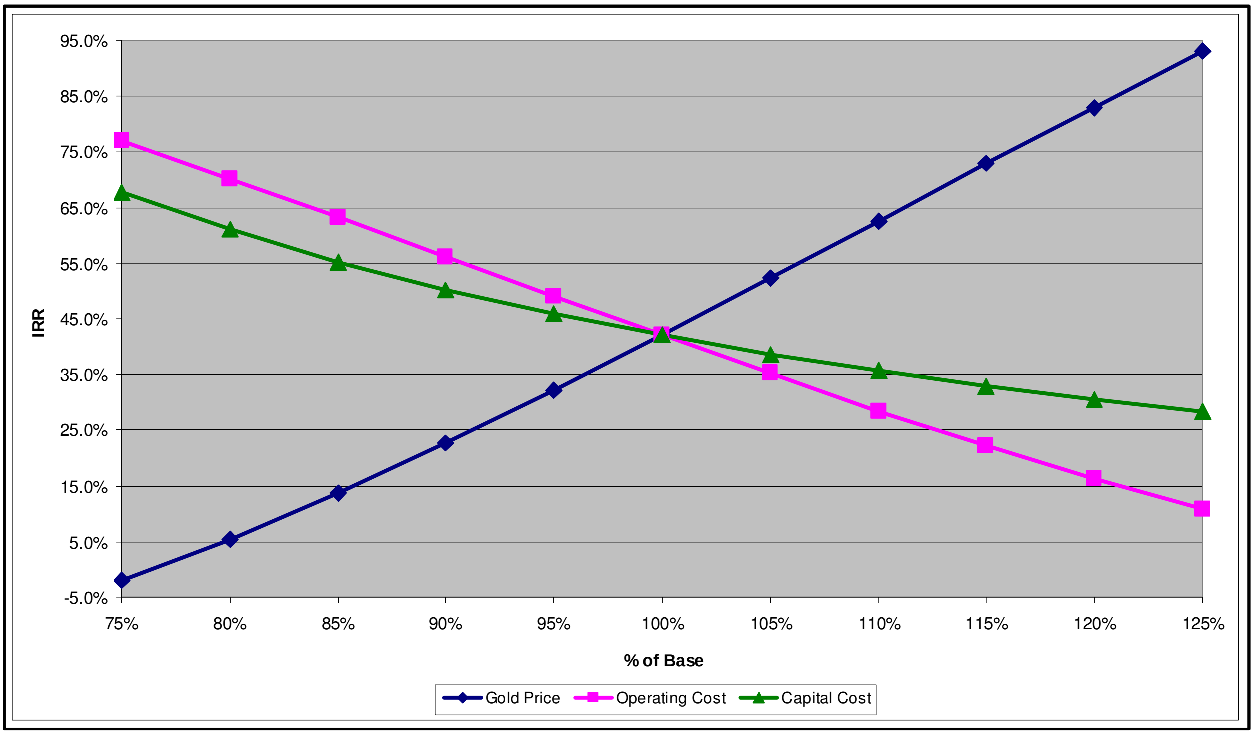


Figure 22.2: NPV Pre-tax Sensitivities for Entire Project

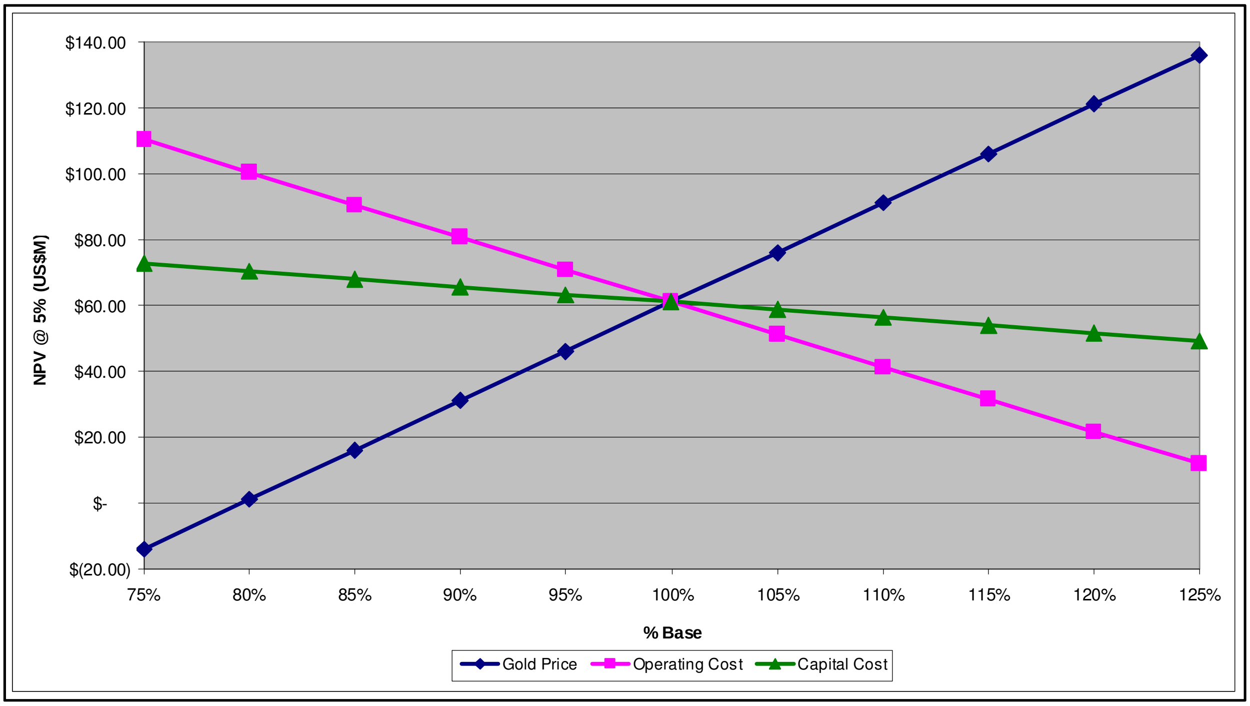


Table 22.3: Pre-tax Sensitivity to Gold Price for Entire Project

Gold Price		NPV (US$M)				IRR (%)
US$/oz.	Factor	10%	7.50%	5%	0%	
$ 1,562.50	125%	$ 108.12	$ 121.07	$ 136.04	$ 173.72	93.1%
$ 1,500.00	120%	$ 95.31	$ 107.24	$ 121.04	$ 155.86	83.0%
$ 1,437.50	115%	$ 82.51	$ 93.40	$ 106.03	$ 138.01	72.8%
$ 1,375.00	110%	$ 69.70	$ 79.57	$ 91.03	$ 120.15	62.6%
$ 1,312.50	105%	$ 56.90	$ 65.73	$ 76.03	$ 102.30	52.3%
$ 1,250.00	100%	$ 44.10	$ 51.90	$ 61.02	$ 84.44	42.1%
$ 1,187.50	95%	$ 31.29	$ 38.06	$ 46.02	$ 66.58	32.1%
$ 1,125.00	90%	$ 18.49	$ 24.23	$ 31.02	$ 48.73	22.6%
$ 1,062.50	85%	$ 5.68	$ 10.39	$ 16.01	$ 30.87	13.7%
$ 1,000.00	80%	$ (7.12)	$ (3.44)	$ 1.01	$ 13.01	5.5%
$ 937.50	75%	$ (19.92)	$ (17.28)	$ (13.99)	$ (4.84)	-2.0%

Table 22.4: Pre-tax Sensitivity to Operating Cost for Entire Project

Sensitivity	NPV (US$M)				IRR (%)
Value	10%	7.50%	5%	0%	
125%	$ 1.42	$ 6.14	$ 11.84	$ 27.12	10.9%
120%	$ 9.96	$ 15.29	$ 21.67	$ 38.59	16.3%
115%	$ 18.49	$ 24.44	$ 31.51	$ 50.05	22.2%
110%	$ 27.03	$ 33.60	$ 41.35	$ 61.51	28.5%
105%	$ 35.56	$ 42.75	$ 51.19	$ 72.98	35.2%
100%	$ 44.10	$ 51.90	$ 61.02	$ 84.44	42.1%
95%	$ 52.63	$ 61.05	$ 70.86	$ 95.90	49.1%
90%	$ 61.16	$ 70.20	$ 80.70	$ 107.37	56.2%
85%	$ 69.70	$ 79.35	$ 90.54	$ 118.83	63.2%
80%	$ 78.23	$ 88.50	$ 100.37	$ 130.29	70.2%
75%	$ 86.77	$ 97.65	$ 110.21	$ 141.76	77.1%

Table 22.5: Pre-tax Sensitivity to Capital Cost for Entire Project

Sensitivity	NPV (US$M)				IRR (%)
Value	10%	7.50%	5%	0%	
125%	$ 32.40	$ 40.13	$ 49.20	$ 72.55	28.3%
120%	$ 34.74	$ 42.48	$ 51.56	$ 74.93	30.5%
115%	$ 37.08	$ 44.84	$ 53.93	$ 77.31	33.0%
110%	$ 39.42	$ 47.19	$ 56.29	$ 79.68	35.7%
105%	$ 41.76	$ 49.54	$ 58.66	$ 82.06	38.7%
100%	$ 44.10	$ 51.90	$ 61.02	$ 84.44	42.1%
95%	$ 46.44	$ 54.25	$ 63.39	$ 86.82	45.9%
90%	$ 48.78	$ 56.60	$ 65.75	$ 89.19	50.3%
85%	$ 51.11	$ 58.96	$ 68.12	$ 91.57	55.2%
80%	$ 53.45	$ 61.31	$ 70.48	$ 93.95	61.0%
75%	$ 55.79	$ 63.67	$ 72.85	$ 96.33	67.7%

Graphical presentations of the after tax sensitivity are shown in **Figure 22.3** which show the change in IRR for proportional changes of operating cost, capital cost and gold price assumptions around the base case (100%), and in **Figure 22.4** which show the change in NPV @ 5% for proportional changes in operating cost, capital cost and gold price assumptions around the base case (100%). The sensitivity analysis indicates that the project economic performance is most sensitive to gold price over the range of 75% to 125% in gold price.

The after tax sensitivity of projected economic performance has been evaluated over a range of gold price assumptions between US$937.50 – US$ 1,562.50 per ounce (silver price constant – US$15.00 per ounce) and the results are listed in **Table 22.6**. After tax sensitivity to operating cost and capital cost were investigated over a range of 75% - 125% of the base case assumptions, and are listed in **Tables 22.7**, **22.8,** respectively.

Figure 22.3: IRR After tax Sensitivities for Entire Project

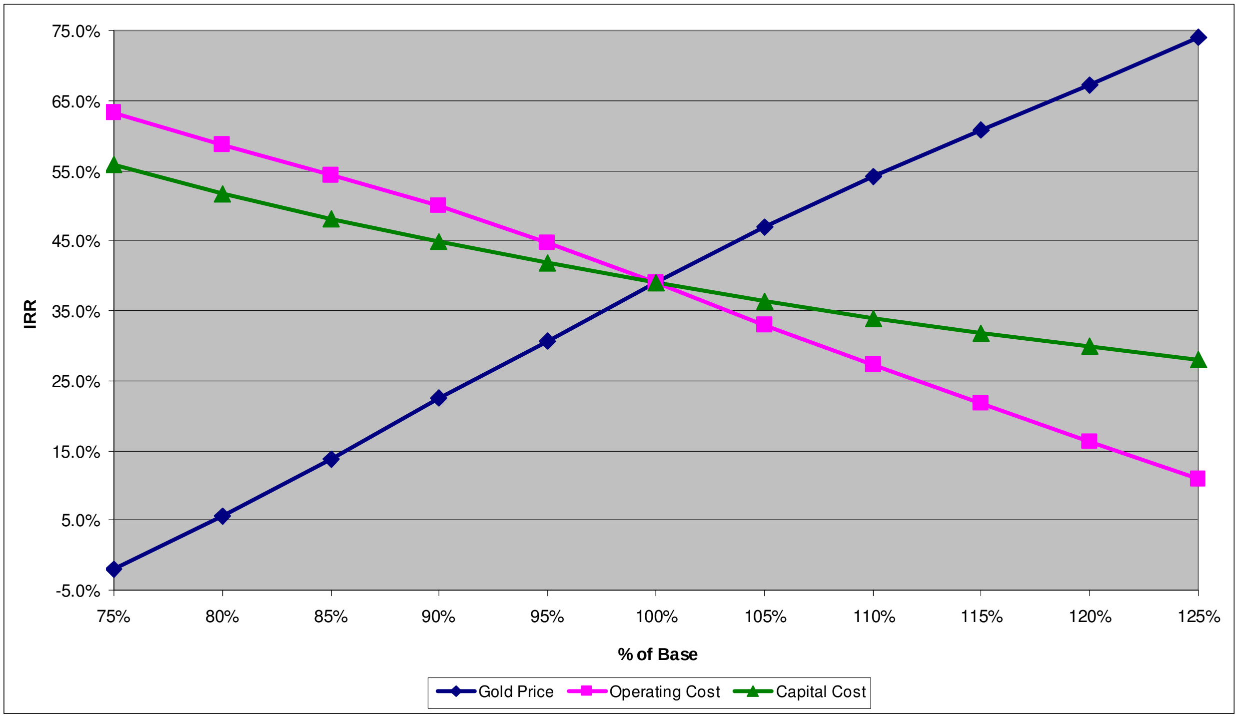


Figure 22.4: NPV After tax Sensitivities for Entire Project

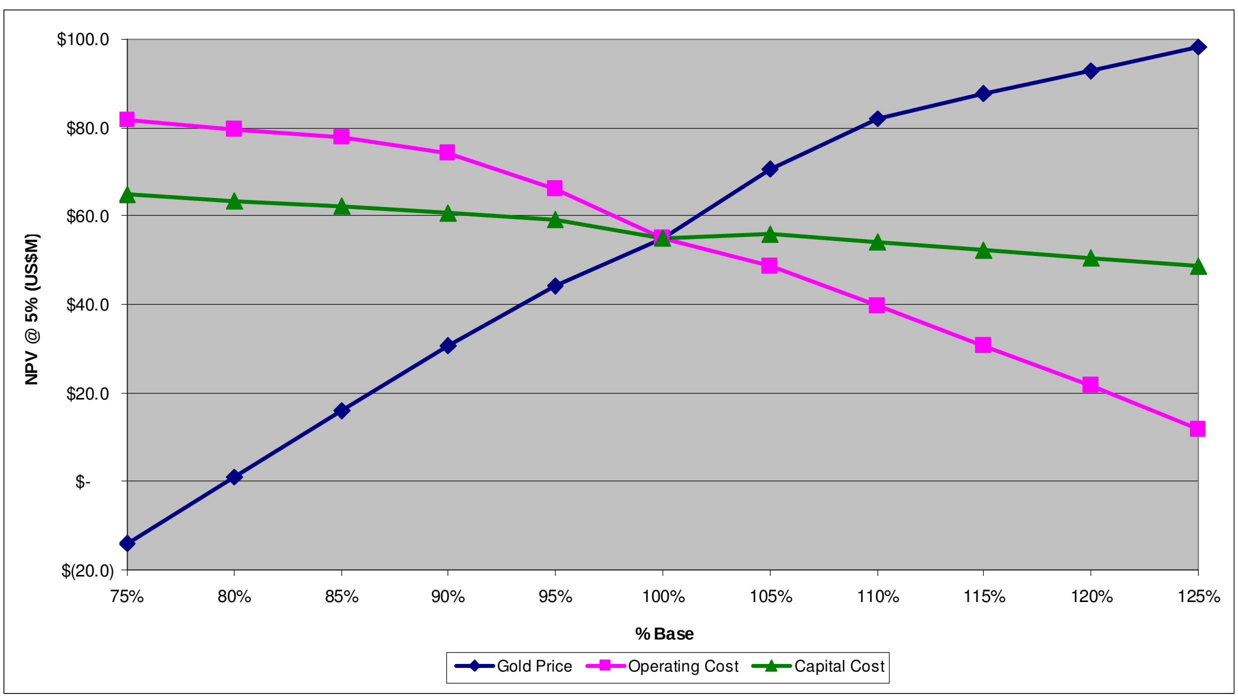


Table 22.6: After tax Sensitivity to Gold Price for Entire Project

Gold Price		NPV (US$M)				IRR (%)
US$/oz.	Factor	10%	7.50%	5%	0%	
$ 1,562.50	125%	$ 77.7	$ 87.3	$ 98.1	$ 125.1	74.0%
$ 1,500.00	120%	$ 72.5	$ 82.0	$ 92.9	$ 120.2	67.3%
$ 1,437.50	115%	$ 67.2	$ 76.7	$ 87.6	$ 115.2	60.7%
$ 1,375.00	110%	$ 61.8	$ 71.2	$ 82.1	$ 110.1	54.2%
$ 1,312.50	105%	$ 51.8	$ 60.4	$ 70.5	$ 96.2	46.9%
$ 1,250.00	100%	$ 37.2	$ 45.2	$ 54.9	$ 80.7	39.0%
$ 1,187.50	95%	$ 29.5	$ 36.2	$ 44.1	$ 64.5	30.5%
$ 1,125.00	90%	$ 18.2	$ 23.9	$ 30.7	$ 48.4	22.4%
$ 1,062.50	85%	$ 5.7	$ 10.4	$ 16.0	$ 30.9	13.7%
$ 1,000.00	80%	$ (7.1)	$ (3.4)	$ 1.0	$ 13.0	5.5%
$ 937.50	75%	$ (19.9)	$ (17.3)	$ (14.0)	$ (4.8)	-2.0%

Table 22.7: After tax Sensitivity to Operating Cost for Entire Project

Sensitivity	NPV (US$M)				IRR (%)
Value	10%	7.50%	5%	0%	
125%	$ 1.4	$ 6.1	$ 11.8	$ 27.1	10.9%
120%	$ 10.0	$ 15.3	$ 21.7	$ 38.6	16.3%
115%	$ 17.8	$ 23.8	$ 30.8	$ 49.3	21.7%
110%	$ 25.5	$ 32.0	$ 39.7	$ 59.7	27.2%
105%	$ 33.2	$ 40.3	$ 48.6	$ 70.1	33.0%
100%	$ 37.2	$ 45.2	$ 54.9	$ 80.7	39.0%
95%	$ 48.3	$ 56.6	$ 66.2	$ 90.7	44.7%
90%	$ 55.3	$ 64.1	$ 74.3	$ 100.3	49.9%
85%	$ 58.9	$ 67.6	$ 77.7	$ 103.2	54.4%
80%	$ 61.5	$ 69.9	$ 79.7	$ 104.1	58.8%
75%	$ 64.0	$ 72.2	$ 81.6	$ 105.0	63.2%

Table 22.8: After tax Sensitivity to Capital Cost for Entire Project

Sensitivity	NPV (US$M)				IRR (%)
Value	10%	7.50%	5%	0%	
125%	$ 32.0	$ 39.8	$ 48.8	$ 72.1	28.1%
120%	$ 33.8	$ 41.5	$ 50.5	$ 73.8	29.9%
115%	$ 35.6	$ 43.3	$ 52.3	$ 75.5	31.8%
110%	$ 37.3	$ 45.0	$ 54.0	$ 77.2	33.9%
105%	$ 39.1	$ 46.8	$ 55.8	$ 78.9	36.3%
100%	$ 37.2	$ 45.2	$ 54.9	$ 80.7	39.0%
95%	$ 42.6	$ 50.3	$ 59.2	$ 82.2	41.9%
90%	$ 44.1	$ 51.7	$ 60.7	$ 83.6	44.8%
85%	$ 45.6	$ 53.2	$ 62.1	$ 84.9	48.0%
80%	$ 47.0	$ 54.6	$ 63.5	$ 86.3	51.7%
75%	$ 48.5	$ 56.0	$ 64.9	$ 87.6	55.9%

22.3 Phased Development

The conceptual mine plan designed in this study allows for the Bruner project to be developed in two phases: a Phase 1 that mines only the Paymaster and HRA resources, which are contained primarily on patented mining claims, and which has a pre-tax NPV@5% of $42.9 million and a pre-tax IRR of 63.9%, and an after tax NPV@5% and IRR of $29.8 million and 47.6% respectively, before a decision is made on whether to develop the deeper Penelas resource in Phase 2, which has a high pre-stripping requirement and a significantly higher cash cost of production, which resides entirely on BLM unpatented mining claims, and which has a stand-alone pre-tax NPV@5% and IRR of $15.7 million and 11.9% respectively. After tax cash flow is the same as the Penelas pit operates at a tax loss by itself. If metal prices are depressed, one would not develop the Penelas resource: if they are robust, one would proceed with permitting and development of the Penelas resource. Cash flow for Paymaster and HRA is shown in **Table 22.9**. Pre-tax sensitivities are shown on **Figure 22.5**, **Figure 22.6** and **Table 22.10** through **Table 22.12**. After tax sensitivities are shown on **Figure 22.7**, **Figure 22.8** and **Table 22.13** through **Table 22.15**.

Table 22.9: Cash Flow for Paymaster and HRA

		Year	-1	1	2	3	4	5	6	7	8
	Unit	Total									
Ore Production											
Produced Au	oz	109,600		44,200	51,840	7,800	5,760	-	-	-	-
Produced Ag	oz	132,200		45,640	66,700	8,060	11,800	-	-	-	-
Au Sales	US$m	$ 137.0		$ 55.3	$ 64.8	$ 9.8	$ 7.2	$ -	$ -	$ -	$ -
Ag Sales	US$m	$ 2.0		$ 0.7	$ 1.0	$ 0.1	$ 0.2	$ -	$ -	$ -	$ -
Royalty	US$m	$ 0.7		$ 0.3	$ 0.3	$ 0.0	$ 0.0	$ -	$ -	$ -	$ -
Cash Costs											
Pit Waste Mining	US$m	$ 13.2	$ -	$ 8.3	$ 4.9	$ -	$ -	$ -	$ -	$ -	$ -
Pit Ore Mining	US$m	$ 15.7	$ -	$ 8.3	$ 7.5	$ -	$ -	$ -	$ -	$ -	$ -
Leach Pad Processing	US$m	$ 12.1	$ -	$ 5.6	$ 5.1	$ 0.7	$ 0.7	$ -	$ -	$ -	$ -
Crush Processing	US$m	$ 5.6	$ -	$ 2.9	$ 2.7	$ -	$ -	$ -	$ -	$ -	$ -
G&A	US$m	$ 7.2	$ -	$ 3.4	$ 3.0	$ 0.4	$ 0.4	$ -	$ -	$ -	$ -
Enviromental & Reclamation	US$m	$ 0.5	$ -	$ 0.2	$ 0.2	$ 0.0	$ 0.0	$ -	$ -	$ -	$ -
Total Cash Cost	US$m	$ 54.3	$ -	$ 28.7	$ 23.4	$ 1.1	$ 1.1	$ -	$ -	$ -	$ -
Cash Cost per Au Ounce	$/oz	$ 495	$ -	$ 650	$ 451	$ 138	$ 187	$ -	$ -	$ -	$ -
Capital Expenditure											
Initial	US$m	$ 30.0	$ 30.0	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Sustaining Capital	US$m	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Contingency	US$m	$ 3.3	$ 3.3	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Working Capital	US$m	$ 7.2		$ 7.2							
Salvage	US$m										
Working Capital Recovery	US$m	$ (7.2)			$ (7.2)						
Total Capital Cost	US$m	$ 33.3	$ 33.3	$ 7.2	$ (7.2)	$ -	$ -	$ -	$ -	$ -	$ -
PROFIT & LOSS SUMMARY											
Sales revenue	US$m	$ 138.3	$ -	$ 55.7	$ 65.5	$ 9.8	$ 7.3	$ -	$ -	$ -	$ -
Operating costs	US$m	$ 54.3	$ -	$ 28.7	$ 23.4	$ 1.1	$ 1.1	$ -	$ -	$ -	$ -
Taxes	US$m	$ 12.5	$ -	$ 1.7	$ 10.1	$ 0.3	$ 0.4	$ -	$ -	$ -	$ -
Net Cash Flow Before Tax	US$m	$ 50.8	$ (33.3)	$ 19.8	$ 49.3	$ 8.7	$ 6.3	$ -	$ -	$ -	$ -
Cumulative Cash Flow	US$m		$ (33.3)	$ (13.5)	$ 35.8	$ 44.5	$ 50.8	$ 50.8	$ 50.8	$ 50.8	$ 50.8
Net Cash Flow Before Tax	US$m	$ 38.3	$ (33.3)	$ 18.1	$ 39.2	$ 8.4	$ 5.9	$ -	$ -	$ -	$ -
Cumulative Cash Flow	US$m		$ (33.3)	$ (15.2)	$ 24.0	$ 32.4	$ 38.3	$ 38.3	$ 38.3	$ 38.3	$ 38.3

Before Tax				After Tax			
NPV	US$m	5.0%	$42.9	NPV	US$m	5.0%	$31.6
IRR			63.9%	IRR			49.7%

Figure 22.5: IRR Pre-tax Sensitivities for Paymaster and HRA

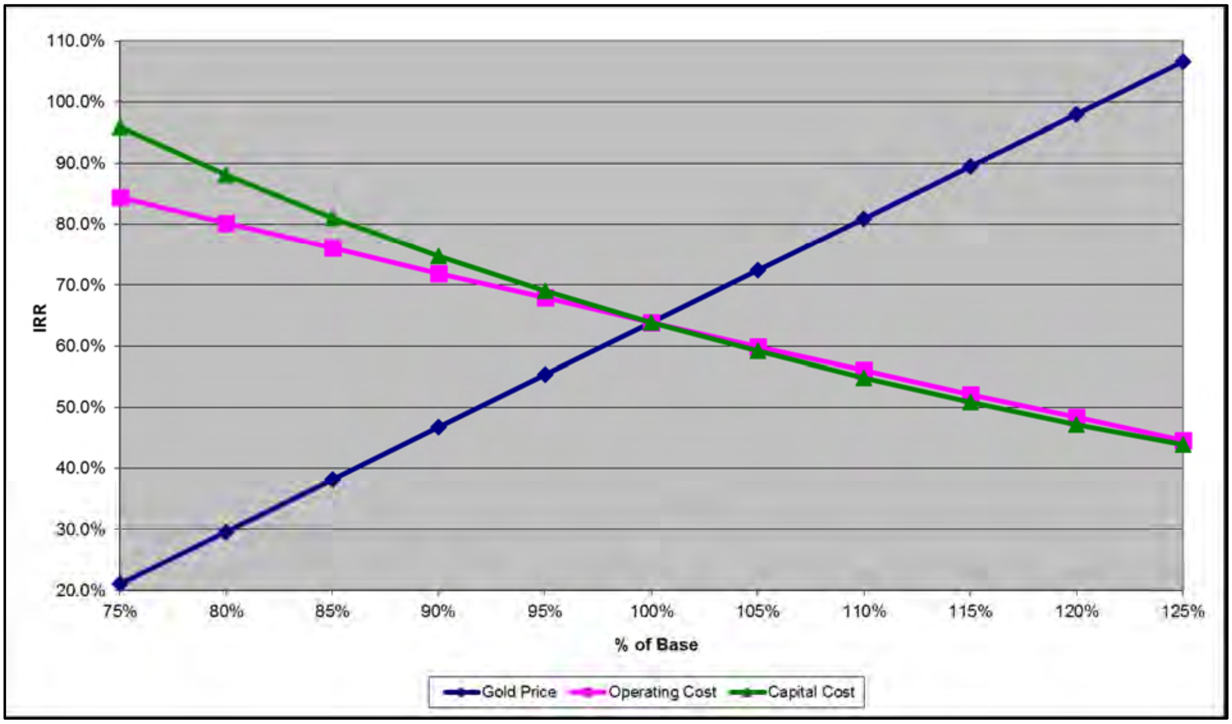


Figure 22.6: NPV Pre-tax Sensitivities for Paymaster and HRA

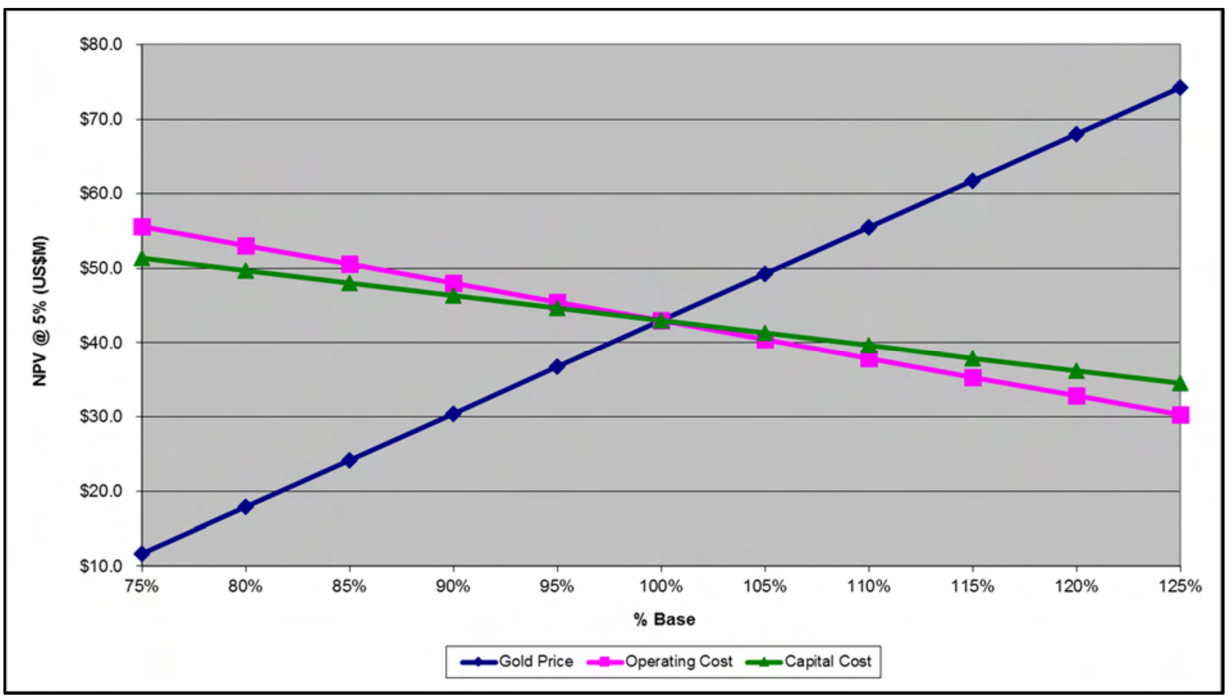


Table 22.10: Pre-tax Sensitivity to Gold Price for Paymaster and HRA

Gold Price		NPV (US$M)				IRR (%)
US$/oz.	Factor	10%	7.50%	5%	0%	
$1,562.50	125%	$ 65.1	$ 69.5	$ 74.2	$ 84.9	106.6%
$1,500.00	120%	$ 59.4	$ 63.5	$ 68.0	$ 78.0	98.0%
$1,437.50	115%	$ 53.6	$ 57.5	$ 61.7	$ 71.2	89.5%
$1,375.00	110%	$ 47.8	$ 51.5	$ 55.5	$ 64.4	81.0%
$1,312.50	105%	$ 42.0	$ 45.5	$ 49.2	$ 57.6	72.4%
$1,250.00	100%	$ 36.3	$ 39.5	$ 43.0	$ 50.8	63.9%
$1,187.50	95%	$ 30.5	$ 33.5	$ 36.7	$ 44.0	55.3%
$1,125.00	90%	$ 24.7	$ 27.5	$ 30.4	$ 37.2	46.8%
$1,062.50	85%	$ 19.0	$ 21.5	$ 24.2	$ 30.3	38.2%
$1,000.00	80%	$ 13.2	$ 15.5	$ 17.9	$ 23.5	29.6%
$ 937.50	75%	$ 7.4	$ 9.5	$ 11.7	$ 16.7	21.0%

Table 22.11: Pre-tax Sensitivity to Operating Cost for Paymaster and HRA

Sensitivity	NPV (US$M)				IRR (%)
Value	10%	7.50%	5%	0%	
125%	$ 24.4	$ 27.2	$ 30.3	$ 37.2	44.6%
120%	$ 26.8	$ 29.7	$ 32.8	$ 39.9	48.4%
115%	$ 29.1	$ 32.1	$ 35.4	$ 42.6	52.2%
110%	$ 31.5	$ 34.6	$ 37.9	$ 45.4	56.0%
105%	$ 33.9	$ 37.0	$ 40.4	$ 48.1	59.9%
100%	$ 36.3	$ 39.5	$ 43.0	$ 50.8	63.9%
95%	$ 38.7	$ 41.9	$ 45.5	$ 53.5	67.9%
90%	$ 41.0	$ 44.4	$ 48.0	$ 56.2	72.0%
85%	$ 43.4	$ 46.9	$ 50.6	$ 58.9	76.1%
80%	$ 45.8	$ 49.3	$ 53.1	$ 61.6	80.2%
75%	$ 48.2	$ 51.8	$ 55.6	$ 64.3	84.4%

Table 22.12: Pre-tax Sensitivity to Capital Cost for Paymaster and HRA

Sensitivity	NPV (US$M)				IRR (%)
Value	10%	7.50%	5%	0%	
125%	$ 27.8	$ 31.1	$ 34.6	$ 42.5	43.8%
120%	$ 29.5	$ 32.7	$ 36.2	$ 44.1	47.2%
115%	$ 31.2	$ 34.4	$ 37.9	$ 45.8	50.9%
110%	$ 32.9	$ 36.1	$ 39.6	$ 47.5	54.9%
105%	$ 34.6	$ 37.8	$ 41.3	$ 49.1	59.2%
100%	$ 36.3	$ 39.5	$ 43.0	$ 50.8	63.9%
95%	$ 38.0	$ 41.2	$ 44.6	$ 52.4	69.1%
90%	$ 39.7	$ 42.9	$ 46.3	$ 54.1	74.7%
85%	$ 41.4	$ 44.5	$ 48.0	$ 55.8	81.1%
80%	$ 43.0	$ 46.2	$ 49.7	$ 57.4	88.1%
75%	$ 44.7	$ 47.9	$ 51.4	$ 59.1	96.0%

Figure 22.7: IRR After tax Sensitivities for Paymaster and HRA

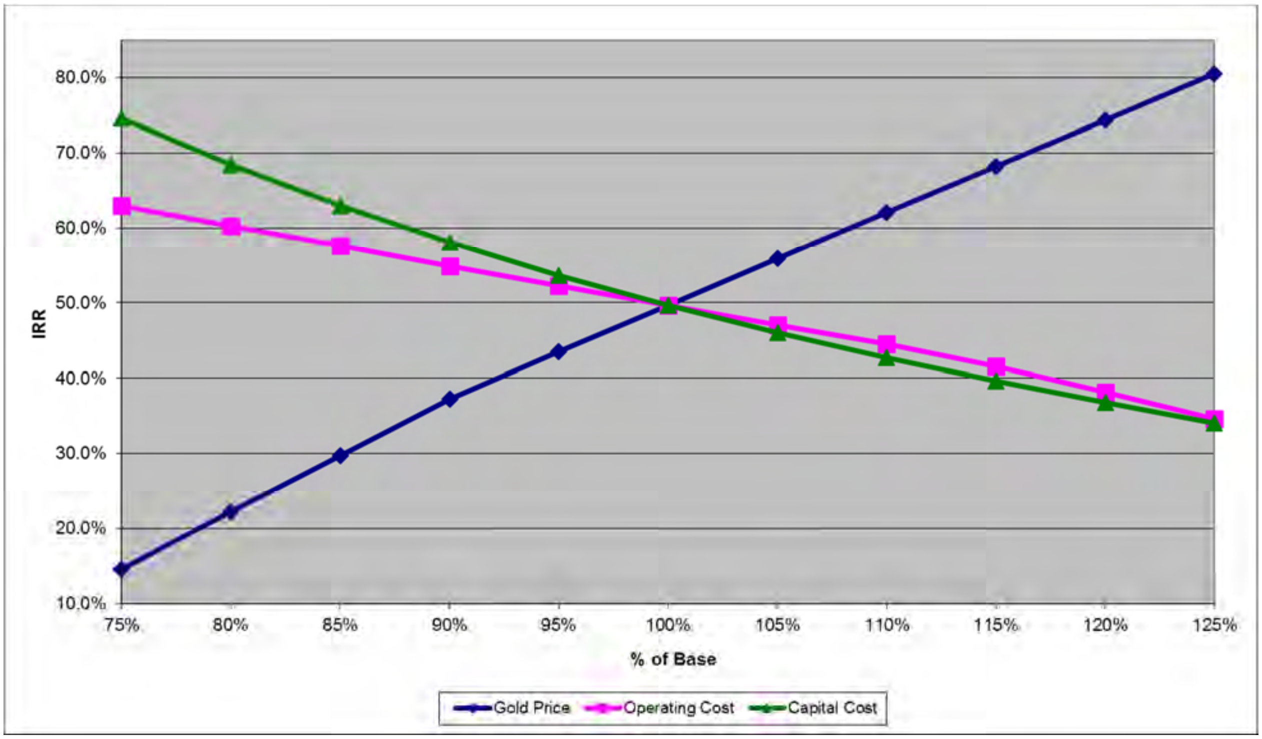


Figure 22.8: NPV After tax Sensitivities for Paymaster and HRA

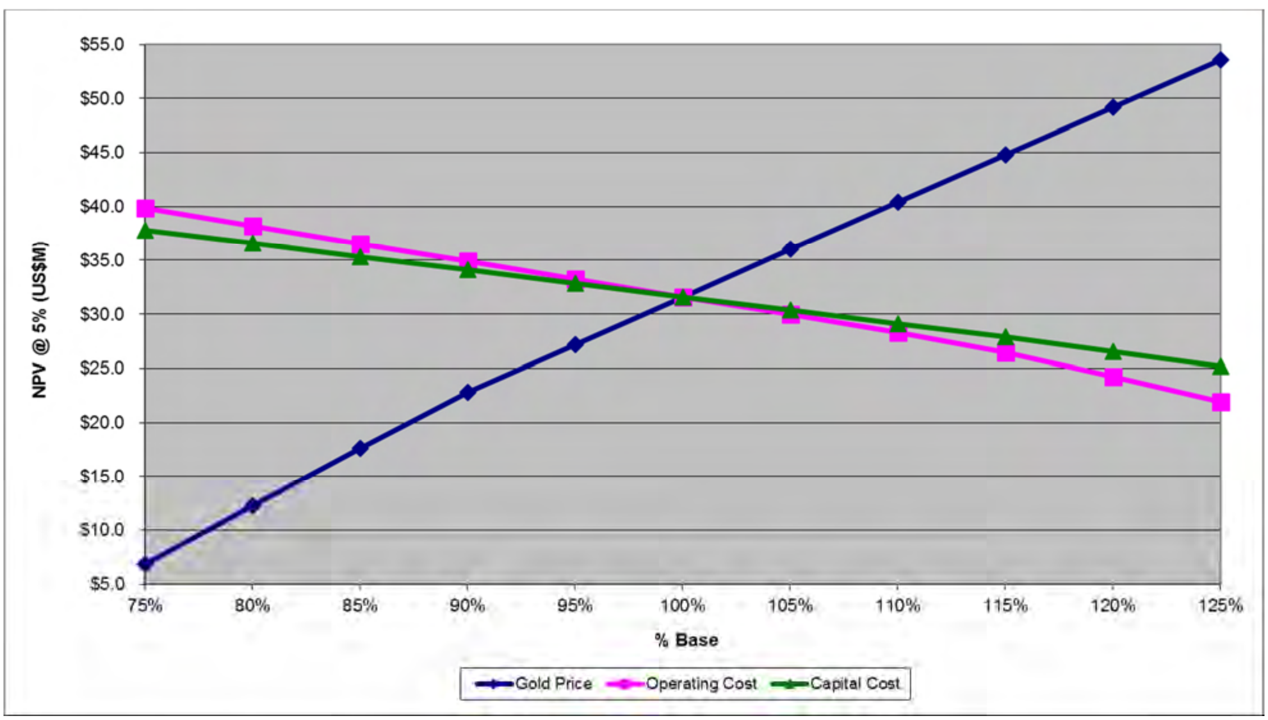


Table 22.13: After tax Sensitivity to Gold Price for Paymaster and HRA

Gold Price		NPV (US$M)				IRR (%)
US$/oz.	Factor	10%	7.50%	5%	0%	
$1,562.50	125%	$ 46.2	$ 49.7	$ 53.6	$ 62.2	80.5%
$1,500.00	120%	$ 42.1	$ 45.5	$ 49.2	$ 57.4	74.4%
$1,437.50	115%	$ 38.1	$ 41.3	$ 44.8	$ 52.7	68.2%
$1,375.00	110%	$ 34.0	$ 37.1	$ 40.4	$ 47.9	62.1%
$1,312.50	105%	$ 30.0	$ 32.9	$ 36.0	$ 43.1	55.9%
$1,250.00	100%	$ 25.9	$ 28.6	$ 31.6	$ 38.3	49.7%
$1,187.50	95%	$ 21.8	$ 24.4	$ 27.2	$ 33.5	43.5%
$1,125.00	90%	$ 17.8	$ 20.2	$ 22.8	$ 28.7	37.3%
$1,062.50	85%	$ 12.9	$ 15.2	$ 17.6	$ 23.0	29.7%
$1,000.00	80%	$ 8.0	$ 10.1	$ 12.3	$ 17.3	22.2%
$ 937.50	75%	$ 3.0	$ 4.9	$ 6.9	$ 11.4	14.6%

Table 22.14: After tax Sensitivity to Operating Cost for Paymaster and HRA

Sensitivity	NPV (US$M)				IRR (%)
Value	10%	7.50%	5%	0%	
125%	$ 16.8	$ 19.3	$ 22.0	$ 28.0	34.7%
120%	$ 18.9	$ 21.5	$ 24.2	$ 30.4	38.1%
115%	$ 21.1	$ 23.6	$ 26.4	$ 32.8	41.6%
110%	$ 22.8	$ 25.5	$ 28.3	$ 34.8	44.5%
105%	$ 24.4	$ 27.0	$ 30.0	$ 36.5	47.1%
100%	$ 25.9	$ 28.6	$ 31.6	$ 38.3	49.7%
95%	$ 27.4	$ 30.2	$ 33.3	$ 40.1	52.3%
90%	$ 29.0	$ 31.8	$ 34.9	$ 41.8	54.9%
85%	$ 30.5	$ 33.4	$ 36.5	$ 43.6	57.6%
80%	$ 32.1	$ 35.0	$ 38.2	$ 45.3	60.3%
75%	$ 33.6	$ 36.6	$ 39.8	$ 47.1	63.0%

Table 22.15: After tax Sensitivity to Capital Cost for Paymaster and HRA

Sensitivity	NPV (US$M)				IRR (%)
Value	10%	7.50%	5%	0%	
125%	$ 19.3	$ 22.1	$ 25.2	$ 32.2	34.1%
120%	$ 20.7	$ 23.5	$ 26.6	$ 33.5	36.8%
115%	$ 22.0	$ 24.8	$ 27.9	$ 34.8	39.7%
110%	$ 23.3	$ 26.1	$ 29.1	$ 35.9	42.7%
105%	$ 24.6	$ 27.4	$ 30.4	$ 37.1	46.0%
100%	$ 25.9	$ 28.6	$ 31.6	$ 38.3	49.7%
95%	$ 27.2	$ 29.9	$ 32.8	$ 39.5	53.7%
90%	$ 28.5	$ 31.2	$ 34.1	$ 40.7	58.1%
85%	$ 29.8	$ 32.4	$ 35.3	$ 41.8	63.0%
80%	$ 31.1	$ 33.7	$ 36.6	$ 43.0	68.4%
75%	$ 32.4	$ 35.0	$ 37.8	$ 44.2	74.6%

23.0 ADJACENT PROPERTIES

The description of Adjacent Properties was modified from Tanaka (2015).

The Qualified Person has not verified the information contained in the following reports and the information in the reports is not necessarily indicative of the mineralization on the Bruner property.

There are no significant mineral properties immediately contiguous with the Bruner property. There are several speculative play properties that surround or are adjacent to the Canamex claim group, but none of them have seen any exploration activity since Canamex has been exploring the Bruner property.

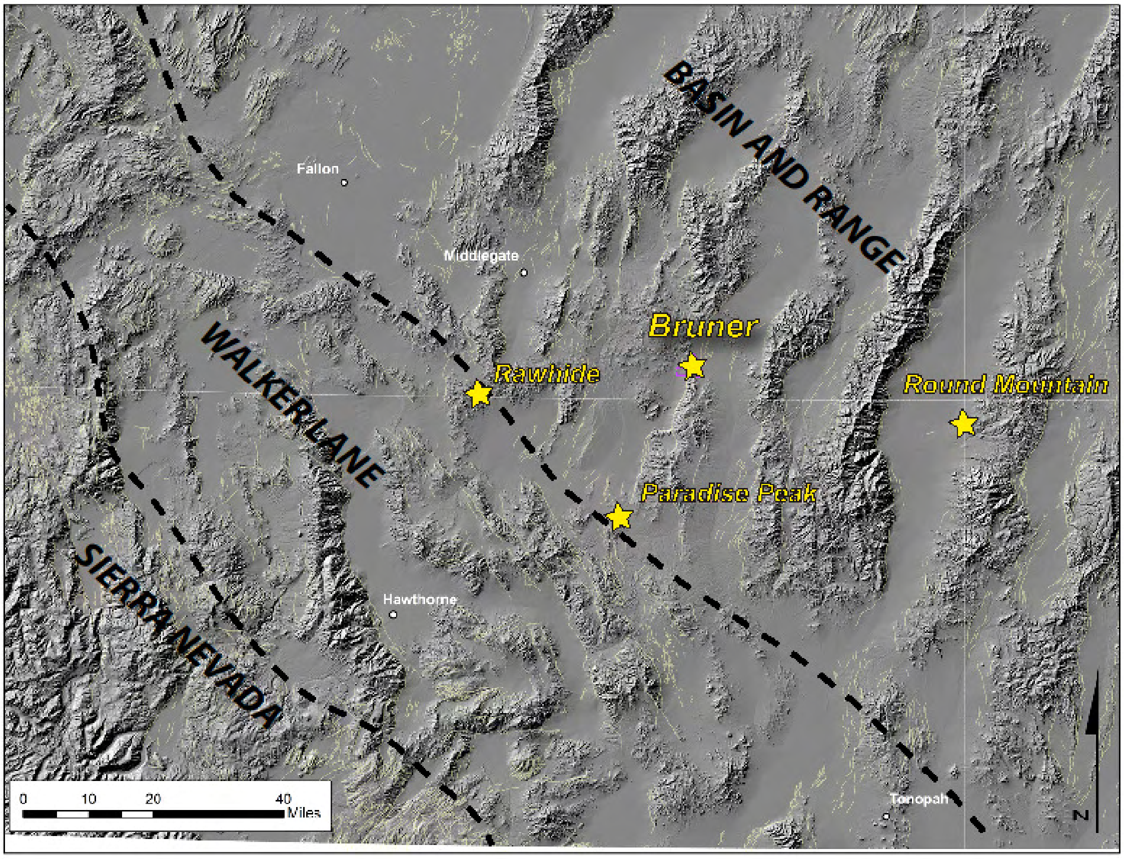
23.1 Regional Properties

There are several significant past-producing gold-silver mines in the geographic vicinity of the Bruner property, namely the Rawhide (Denton-Rawhide), Paradise Peak, and Round Mountain mines (**Figure 23.1**). All of these produced more than 1 million ounces of gold and the Rawhide and Paradise Peak mines produced tens of millions of ounces of silver. They will be discussed briefly below. Of them, the Rawhide deposit is most similar to the Bruner Gold Project in host rocks (rhyolite and tuffs), alteration style (low sulfidation quartz-adularia veins and veinlets), and structural controls on gold-silver mineralization.

23.1.1 Rawhide (Denton-Rawhide) Mine

The Rawhide deposit is located approximately 43 kilometers (30 miles) west of the Bruner property. It is described by Gray (1996) and Black and others (1991). Host rocks to precious metal mineralization are mostly andesites and intercalated volcanic sediments and breccias. Bulk mineable zones of gold and silver occur in sheeted to stockwork quartz-adularia veins, mostly in fractured andesite adjacent to altered rhyolite intrusions. Gold zones are characterized by the hydrothermal assemblage of quartz-adularia-illite-pyrite (now oxidized). Oxidation occurs to depths of up to 215 meters (700 feet). Gold occurs primarily in electrum. Silver occurs in electrum, embolite, and cyrargyrite in oxide ores. The ratio of Ag:Au averages 10:1, and generally increases with distance from the ore zones. Minor supergene silver enrichment is present locally (Black and others, 1991).

Figure 23.1: Shaded Relief Map of Central Portion of the Walker Lane



Gold and silver deposits at the Rawhide mine are profoundly influenced by complex structural disruption of the host geologic environment related to the northeast margin of the Walker Lane. North-south oriented right lateral strike slip faults and northeast oriented extensional dip-slip faults are related to and a result of northwest oriented right lateral strike slip faults. This pattern is repeated in an en-echelon fashion and in a northwest direction across the Rawhide property. North-south faults are dominant, and occasionally reflect dramatic offset of volcanic lithologies (Gray, 1995). Intersections of the major fault structures coincide well with the bulk-mineable precious metal deposits. The faults are steep and played a significant role in the emplacement of dikes, hydrothermal breccias, and precious metal bearing veins. The near vertical orientation of the faults that influenced the deposition of precious metals is reflected in the variography discerned from the gold assay database (Gray, 1995).

Anisotropic continuity of gold and silver distribution is reflected in the orientation of the major axis of ellipsoidal search parameters used to calculate ore reserve estimates. The major axis coincides with the north-south right lateral displacement direction. The control is evident on the scale of close-spaced blast-hole patterns to district-wide structural patterns. Structure is the key to mineralization at Rawhide(Gray, 1996).

Mining of gold and silver by Kennecott -Rawhide Mining Co. began at the Denton-Rawhide Mine in 1990. Mineable reserves at the commencement of production were 29.4 million tons at an average grade of 0.040 opt gold (1,176,000 ounces of gold) and 0.36 opt silver (10,584,000 ounces of silver), not including an additional 29.9 million tons of low grade material with an average grade of 0.015 opt gold (448,500 ounces of gold) and 0.23 opt silver (6,877,000 ounces of silver) (Black and others, 1991).

23.1.2 Round Mountain Mine

The Round Mountain deposit is located about 72 kilometers (45 miles) east-southeast of the Bruner property. The Round Mountain deposit was described by Fifarek and Gerike (1991) and by Sander and Einaudi (1990). Essentially all of the gold mined at Round Mountain has come from veinlets of quartz+adularia+pyrite formed along northwest trending fractures within a variably welded rhyolite tuff sequence within which hydrothermal sulfide minerals have been oxidized to goethite, hematite, and jarosite as a result of weathering.

Most of the gold is hosted within a potassic-alteration assemblage consisting of quartz-adularia-calcite-white mica (illite) and pyrite. This broad zone of alteration is surrounded by a mostly barren propylitic alteration zone containing a similar mineral assemblage to that in the potassic alteration zone but also containing albite and chlorite.

The oxidation of sulfide minerals generated acid which leached silicate minerals within the rhyolite and altered feldspars to clay, dissolved calcite, and filled fractures with a mixture of iron and manganese oxides, kaolinite, alunite, and chalcedony. , Gold occurs in electrum in these oxidized mineralized fractures.

Ore zones within the pit trend northwest to west-northwest and dip moderately to steeply. Gold in these zones is contained mostly in sheeted quartz-adularia-pyrite (now oxidized) veinlets of the same orientation. Ore zones formed by sheeted veins in the welded portion of the ash-flow tuff sequence transition downward into a non-welded tuff unit where they blossom outward into a broad zone of up to 150 meters thick and where the majority of the bulk mineable reserves were found.

Pyrite is the dominant sulfide mineral, and gold occurs in electrum both as free particles and as inclusions in pyrite. Oxidation has occurred to a fairly uniform depth of 250-300 meters (800-1000 feet) below the surface (Sander and Einaudi, 1990).

The Round Mountain deposit has produced more than 277,000,000 tons of ore at an average grade of 0.035 opt gold, containing over 10 million ounces of gold (Sander and Einaudi, 1990). The mine is still in operation and at the end of 2013 had remaining reserves plus resources of 104,778,000 tonnes grading 0.67 gpt gold for an additional gold content of 2 million ounces (Kinross Gold Corp., 2014).

23.1.3 Paradise Peak Mine

The Paradise Peak deposit is located roughly 43 kilometers (30 miles) south-southwest of the Bruner property. It is described by John and others (1991). The Paradise Peak deposit is a shallow-level volcanic-hosted high-sulfidation gold-silver-mercury deposit. Host rocks consist of a basal older Miocene andesite assemblage, overlain by silicic ash flow tuffs, which are in turn overlain by a younger andesite sequence. Gold-silver mineralization is hosted primarily within hydrothermally brecciated silicified tuffaceous unit of the ash flow tuff sequence. Alteration is dominated by an alunite-jarosite cap in the upper portion of the deposit, dense silicification coincident with the majority of gold-silver deposition, and a lower argillic alteration zone that also surrounds the dense silica alteration zone. Structures are not as important in the control of the distribution of gold and silver as it is at the Rawhide deposit. Gold occurs as native gold in particles generally smaller than 20 microns in size. Silver is not alloyed with the gold in electrum. Silver occurs as cyrargyrite, embolite, acanthite, native silver, and iodyrite. Visible gold is generally present in partially oxidized rocks as a supergene (?) fracture coating associated with jarosite, cinnabar, and native sulfur. High-grade gold and silver is generally associated with strongly leached sugary textured quartz and intense iron oxide, and may be supergene in origin (John and others, 1991). Oxidation occurs to depths of 50-150 meters (160-500 feet). Gold occurs in unoxidized pyrite rich silicified rock beneath the limits of open pit mining.

The Paradise Peak deposit was discovered in 1983 and brought into production in 1985 with a total reserve of 13.4 million tons averaging 0.097 opt gold (1,300,000 ounces Au), 3.24 opt silver (43,400,000 ounces Ag), and >50 ppm Hg (John and others,1991).

24.0 OTHER RELEVANT DATA AND INFORMATION

The WHA QP's responsible for this Report know of no other data or information which is relevant or material to the Bruner Gold Project.

25.0 INTERPRETATION AND CONCLUSIONS

A PEA open pit mine plan has been developed for the Bruner Gold Project deposit using the Resource Estimate contained in this report. The PEA mine plan shows the strong economic viability of the Bruner Gold Project deposit and WHA recommends that Canamex proceed with a feasibility study (FS).

The authors conclude that the Bruner property is well suited for proceeding to a FS based on the following:

- The Bruner property is well suited for open pit mining with higher grade material near surface, easy access to infrastructure and close access to the regional power grid.
- Mineral resources based on design pits for $1350/oz Au price cone shell are estimated to be:
    - An Indicated Mineral Resource of 14,050,000 tonnes at an internal cutoff grade of 0.117 gpt Au_Eq, an average grade of 0.58 gpt Au containing 260,000 gold ounces.
    - An Inferred Mineral Resource of 2,950,000 tonnes at an internal cutoff grade of 0.117 gpt Au_Eq, an average grade of 0.66 gpt Au containing 63,000 gold ounces.
- The Project demonstrates strong economic viability at a variety of metal prices with a significant upside potential should metal prices regain previous strengths seen in the three year trailing average.
- At the PEA base case of $1,250/oz Au the Project has strong economics with a pre-tax payback of nominally 1.25 years, pre-tax IRR of 42.1%, and an after-tax IRR of 39%.
- The PEA estimates initial capital expenditures to be $33.4 million.

26.0 RECOMMENDATIONS

Continued exploration and pre-development work on the Bruner Gold Project is recommended as follows:

26.1 Drilling

26.1.1 Paymaster Resource Area

The Paymaster resource area remains open in at least two directions, although the apparent structural controls appear to suggest a dominantly north-south alignment to the core of the mineralized zone. A total of 1000 meters of additional drilling is recommended to pursue these open extensions, comprised of a mix of core and RC drilling. An additional 500 meters of drilling is recommended in the core of the Paymaster deposit in order to confirm assay results from channel sampling and to increase the drill density to possibly bring some of the inferred mineral resource into the indicated mineral resource category. All drill holes should be roughly 100 meters in length for a total of nominally 15 drill holes. A mix of roughly 40% core and 60% RC drilling would be appropriate. **Table 26.1** provides an approximate cost summary of recommended exploration and pre-development work at the Bruner property.

26.1.2 Historic Resource Area (HRA)

Drilling in 2014 demonstrated the close spatial relationship between silica-adularia alteration spires, which appear to be structurally controlled, and high-grade gold mineralization, which appears to have accumulated beneath and around the silica-adularia spires. Many of these spires remain un-drilled. A total of 3300 meters of drilling is recommended to test beneath these spires, particularly the large untested spire to the NW of the resource reported for the HRA herein. All drill holes should be roughly 150 meters in length, for a total of nominally 22 drill holes. A mix of roughly 5 core holes and 17 RC holes would be appropriate.

26.1.3 Penelas Resource Area

There is a gap in the drill hole data base within the constraining pit at the Penelas Resource Area that separates portions of the resource. Drilling within this gap is highly recommended to test for continuation of the resource between these portions of the resource and within the data gap. In addition, the northern and southern ends of the resource remain open, and are in need of additional drilling. WHA also recommends additional infill holes be drilled into the deeper Penelas zone, surrounding the two holes (B-1446C and B-1436) which currently define this zone. A total of 4600 meters of drilling is recommended to test the data gap, the open extensions to the resource area and in the deeper portions of the Penelas zone. All drill holes should be roughly 230 meters in length, for a total of nominally 20 drill holes. A mix of roughly 50% core holes and 50% RC holes would be appropriate.

All totaled the recommended drilling program is projected to cost US$1,575,000, not including field office support or supervision.

26.2 Groundwater Test Drilling and Water Supply Well Drilling

In order to determine the depth to groundwater in the heap leach facility, process area and waste rock facilities, it is recommended that Canamex drill 4 holes to a nominal depth of 150m

(500ft). The information acquired from the drilling will provide groundwater depth data for engineering studies required for any future state and federal permits. Additionally, an abandoned water supply well located at the east end of the property and which Canamex has water rights should be re-drilled in order to supply water for exploration activities. The estimated cost for the groundwater test wells and the re-drilling of the abandoned water supply well is US$145,000.

26.3 Engineering

Commissioning of a Feasibility Study on the Project is recommended to establish the feasibility for development of the Project. Initial discussions with and quotes from engineering firms who have recently completed Feasibility Studies on projects of similar size and technical attributes suggests a budget of US$250,000 be planned for the study.

Continued metallurgical testing of drill samples from all three resource areas is recommended to further quantify metallurgical behavior of the three resource areas. A budget of $350,000 is recommended for continued cyanidation bottle roll tests and column leach tests of drill cuttings. Specifically, the recommended metallurgical test work should include:

- Conduct column leach tests on coarser ores (6-inch nominal and run-of-mine) to determine the gold and silver recovery and to confirm that all of the ores are amenable to leaching in these states;
- Conduct additional column leach tests on Paymaster of (0.75-inch, 3-inch and coarser) to confirm the similar leaching of this resource area to the others at the Bruner Gold Project.

Although a structural analysis of the Bruner Gold Project (Dering, 2014) has increased the understanding of pit slope stabilities and conceptual pit design, continued pit slope design analysis should be conducted. A budget of US$75,000 is recommended for the pit slope stability analysis.

26.4 Environmental Baseline Studies and Permitting

Commencement of baseline environmental studies and continuation of basic engineering and waste rock characterization is recommended in order to establish downstream environmental permitting constraints associated with the future possible development of the resources outlined in this technical report. Baseline studies should include archaeological, biological and waste and mineralized material characterization studies. A budget of US$130,000 is recommended for this purpose.

Mine and processing facilities engineering that will be required for any future state and federal permitting is recommended. The development of an environmental assessment would be focused on the results of the environmental baseline studies and engineering design. A budget of US$500,000 is recommended for this purpose.

26.5 Field Office, Support, Sample Management and Supervision

None of the above can proceed without field office support, sample and data management and storage, and proper supervision. A total of US$400,000 is recommended for this purpose.

Table 26.1: Estimated Costs of Recommended Work

Component	Estimated Cost (US$)
Exploration/Development Drilling	
RC 20,000 feet (6000 meters)	$500,000
Core 10,000 feet (3300 meters)	$750,000
Assaying 6000 samples	$210,000
Water Haulage	$90,000
Core Photography/Sawing	$20,000
Trailer Space/storage	$5,000
Sub-Total	**$1,575,000**
Groundwater Testing and Water Well Development	
Water Well Replacement – East Side of Property	$75,000
Groundwater Test Holes (2000ft) – West Side of Property	$70,000
Sub-Total	**$145,000**
Engineering	
Feasibility Study	$250,000
Metallurgy - Column tests	$100,000
Metallurgy - Core Samples	$250,000
Pit Slope Analysis and Design	$75,000
Sub-Total	**$675,000**
Environmental Baseline Studies / Permitting	
Biological / Archaeological Field Studies	$100,000
Waste Rock Characterization	$30,000
Basic Engineering for Permits	$150,000
Permit Coordination	$200,000
Environmental Assessment	$150,000
Sub-Total	**$630,000**
Management, Personnel and Support	
Management	$115,000
Geologist, and Support Personnel	$170,000
Data Management and Office Support	$115,000
Sub-Total	**$400,000**
Total	**$3,425,000**

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Appendix A

Bruner Gold Project

Patented and Unpatented Lode Mining Claims

BRUNER GOLD PROJECT PATENTED LODE MINING CLAIMS

CLAIM NAME	OWNER	MINERAL SURVEY NO.	NMC NO.
Paymaster	Canamex	4301	616421
Paymaster Ext 1	Canamex	4301	616421
Paymaster Ext	Canamex	4301	616421
Paymaster Annex	Canamex	4301	616421
Defender	Canamex	4301	616421
Last Chance	Canamex	4301	616421
Last Chance # 1	Canamex	4301	616421
Wild Horse	Canamex	4301	616421
Wild Horse 1	Canamex	4301	616421
Wild Horse 2	Canamex	4301	616421
Wild Horse 3	Canamex	4301	616421
Big Henry	Canamex	4301	616421
Friday	Canamex	4301	616421
Little Jim	Canamex	4301	616422
Sooy	Canamex	4303	616422
Bruner Lode	Canamex	4303	616422
Annex	Canamex	4303	616422
Lucky Tiger	Canamex	4303	616422
Aura	Canamex	4303	616422
Silent Friend	Canamex	4303	616422
Annex Extension	Canamex	4303	616422
Climax	Canamex	4302A	616422
July	Canamex	4302A	756224
Black Mule	Canamex	4302A	756224
Shale Lode	Canamex	4302A	756224
Gold Knob	Canamex	4302A	756224
Elk	Canamex	4298	669265

BRUNER GOLD PROJECT UNPATENTED LODE MINING CLAIMS

Name	NMC Serial No	Nye County No.	Churchill County No.	Lander County No.
Moon 1	849694	566571		
Moon 2	849695	566572		
Moon 3	997688	716661		
Moon 4	849697	566574		
Moon 5	997689	716662		
Moon 6	849699	566576		
Moon 7	997690	716663		
Moon 8	849700	566577		
Moon 9	997691	716664		
Moon 10	842236	553420		
Moon 11	997692	716665		
Moon 12	842238	553422		
Moon 13	997693	716666		
Moon 14	849702	566579		
Moon 15	997694	716667		
Moon 16	849704	566581		
Moon 23	997695	716668		
Moon 24	997696	716669		
Moon 25	997697	716670		
Moon 29	997698	716671		
Moon 30	997699	716672		
Moon 31	997700	716673		
Moon 32	997701	716674		
Moon 33	997702	716675		
Moon 34	1000646	719733		
Moon 35	1000647	719734		
Moon 36	1000648	719735		
Moon 37	1000649	719736		
Moon 38	1000650	719737		
Moon 39	1000651	719738		
Moon 40	1000652	719739		
Moon 41	1000653	719740		
Moon 42	1000654	719741		

Name	NMC Serial No	Nye County No.	Churchill County No.	Lander County No.
Moon 43	1000655	719742		
Moon 44	1000656	719743		
Moon 45	1000657	719744		
Moon 46	1000658	719745		
Moon 47	1000659	719746		
Moon 48	1000660	719747		
Moon 49	1000661	719748		
Moon 50	1000662	719749		
Moon 51	1000663	719750		
Moon 52	1005643	726615		
Moon 53	1005644	726616		
Moon 54	1005645	726617		
Moon 55	1005646	726618		
Moon 56	1005647	726619		
Moon 57	1005648	726620		
Moon 58	1005649	726621		
Moon 59	1005650	726622		
Moon 60	1007416	729100		
Moon 61	1007417	729101		
Moon 62	1007418	729102		
Moon 63	1007419	729103		
Moon 64	1007420	729104		
Moon 65	1007421	729105		
Moon 66	1007422	729106		
Moon 67	1007423	729107		
Moon 68**	1007424	729108		
Moon 68**	1054694	774274		
Moon 69	1054695	774275		
Moon 70	1054696	774276		
Moon 71	1054697	774277		
Moon 72	1054698	774278		
Moon 73	1054699	774279		
Moon 74	1054700	774280		
Moon 75	1054701	774281		

Name	NMC Serial No	Nye County No.	Churchill County No.	Lander County No.
Moon 76	1054702	774282		
Moon 77	1054703	774283	423832	
Moon 78	1054704	774284		
Moon 79	1054705	774285	423833	
Moon 80	1054706	774286	423834	262353
Moon 81	1054707		423835	
Moon 82	1054708		423836	262354
Moon 83	1054709		423837	
Moon 84	1054710		423838	262355
Moon 85	1054711		423839	
Moon 86	1054712		423840	262356
Moon 87	1054713		423841	
Moon 88	1054714		423842	262357

Claim Name/Number	NMC Serial No.	Nye County No.
BW 1	NMC1090128	801455
BW 2	NMC1090129	801456
BW 3	NMC1090130	801457
BW 4	NMC1090131	801458
BW 5	NMC1090132	801459
BW 6	NMC1090133	801460
BW 7	NMC1090134	801461
BW 8	NMC1090135	801462
BW 9	NMC1090136	801463
BW 10	NMC1090137	801464
BW 11	NMC1090138	801465
BW 12	NMC1090139	801466
BW 13	NMC1090140	801467
BW 14	NMC1090141	801468
BW 15	NMC1090142	801469
BW 16	NMC1090143	801470
BW 17	NMC1090144	801471
BW 18	NMC1090145	801472

Claim Name/Number	NMC Serial No.	Nye County No.
BW 19	NMC1090146	801473
BW 20	NMC1090147	801474
BW 21	NMC1090148	801475
BW 22	NMC1090149	801476
BW 23	NMC1090150	801477
BW 24	NMC1090151	801478
BW 25	NMC1090152	801479
BW 26	NMC1090153	801480
BW 27	NMC1090154	801481
BW 28	NMC1090155	801482
BW 29	NMC1090156	801483
BW 30	NMC1090157	801484
BW 31	NMC1090158	801485
BW 32	NMC1090159	801486
BW 33	NMC1090160	801487
BW 34	NMC1090161	801488
BW 35	NMC1090162	801489
BW 36	NMC1090163	801490
BW 37	NMC1090164	801491
BW 38	NMC1090165	801492
BW 39	NMC1090166	801493
BW 40	NMC1090167	801494
BW 41	NMC1090168	801495
BW 42	NMC1090169	801496
BW 43	NMC1090170	801497
BW 44	NMC1090171	801498
BW 45	NMC1090172	801499
BW 46	NMC1090173	801500
BW 47	NMC1090174	801501
BW 48	NMC1090175	801502
BW 49	NMC1090176	801503
BW 50	NMC1090177	801504
BW 51	NMC1090178	801505
BW 52	NMC1090179	801506

Claim Name/Number	NMC Serial No.	Nye County No.
BW 53	NMC1090180	801507
BW 54	NMC1090181	801508
BW 55	NMC1090182	801509
BW 56	NMC1090183	801510
BW 57	NMC1090184	801511
BW 58	NMC1090185	801512
BW 59	NMC1090186	801513
BW 60	NMC1090187	801514
BNF 1	NMC1093162	804444
BNF 2	NMC1093163	804445
BNF 3	NMC1093164	804446
BNF 11	NMC1093165	804447
BNF 12	NMC1093166	804448
BNF 13	NMC1093167	804449
BNF 14	NMC1093168	804450
BNF 15	NMC1093169	804451
BNF 16	NMC1093170	804452
BNF 17	NMC1093171	804453
BNF 18	NMC1093172	804454
BNF 19	NMC1093173	804455
BNF 20	NMC1093174	804456
BNF 21	NMC1093175	804457
BNF 22	NMC1093176	804458
BNF 23	NMC1093177	804459
BNF 24	NMC1093178	804460
BNF 25	NMC1093179	804461
BNF 26	NMC1093180	804462
BNF 27	NMC1093181	804463
BNF 28	NMC1093182	804464
BNF 29	NMC1093183	804465
BNF 30	NMC1093184	804466
BNF 31	NMC1093185	804467
BNF 32	NMC1093186	804468
BNF 33	NMC1093187	804469

Claim Name/Number	NMC Serial No.	Nye County No.
BNF 34	NMC1093188	804470
BNF 35	NMC1093189	804471
BNF 36	NMC1093190	804472
BNF 37	NMC1093191	804473
BNF 39	NMC1101690	815530
B-1	NMC1112402	837774
B-2	NMC1112403	837775
B-3	NMC1112404	837776
B-4	NMC1112405	837777
B-5	NMC1112406	837778
B-6	NMC1112407	837779
B-7	NMC1112408	837780
B-8	NMC1112409	837781
B-9	NMC1112410	837782
B-10	NMC1112411	837783
B-11	NMC1112412	837784
B-12	NMC1112413	837785